

# *The* NATIONAL UNDERWRITER

## **Blocking Back**



Just as the blocking back clears the way for the man carrying the ball, so Standard of Detroit is opening the way to increased automobile insurance sales for its agents and brokers.

Helping every Standard representative sell this modern coverage is a series of advertisements in popular national magazines urging 3,500,000 prospects to protect themselves

with a Standard automobile policy. New broader coverage, selective ratings, Safe Driver Reward, continent-wide service, and the Company's 56-year record of satisfactory adjustments make Standard's automobile protection increasingly attractive to the prudent buyer.

A Standard field man will be glad to tell you more about the advantages of Standard representation.

**STANDARD ACCIDENT INSURANCE COMPANY**

*Standard Service Satisfies . . . Since 1884*

THURSDAY, NOVEMBER 7, 1940



## 8 Cylinders vs One

SOMEHOW our business is like an eight-cylinder engine. When all of us work as individuals—we accomplish some things. But when we all work together—what a difference! As in a new car—we go farther, with less effort, and the trip is smoother.

The best way to take part in such cooperative effort is to join your State Association. There you will find brains, leadership, cooperative activity—the best insurance of your own future, and the future of the business. In the interests of your clients' security, your own security, and your pocketbook—join, support and work with your State Association.



*Published by the United States Fidelity & Guaranty Company and its affiliate,  
Fidelity & Guaranty Fire Corporation. Home Offices: Baltimore, Maryland.*



*Oldest and Largest Insurers of Automobiles Exclusively*

# AMERICAN AUTOMOBILE INSURANCE COMPANY

ORGANIZED 1911

ST. LOUIS, MISSOURI

## NATIONWIDE BRANCH OFFICE FACILITIES

ATLANTA • BALTIMORE • BOSTON • CHICAGO • CINCINNATI • CLEVELAND • DETROIT  
INDIANAPOLIS • KANSAS CITY • LOS ANGELES • MILWAUKEE • MINNEAPOLIS  
NEW ORLEANS • NEW YORK • PHILADELPHIA • PITTSBURGH • SAN FRANCISCO • SEATTLE

# Follow these "Pointers" for MORE Automobile Premiums

Fire  
Theft  
Comprehensive Coverage  
Property Damage  
Breakage of Glass  
Tornado  
Cyclone  
Windstorm  
Hail  
Explosion  
Earthquake  
Water Damage  
Garage Keepers' Legal Liability  
Dealers  
Fleets

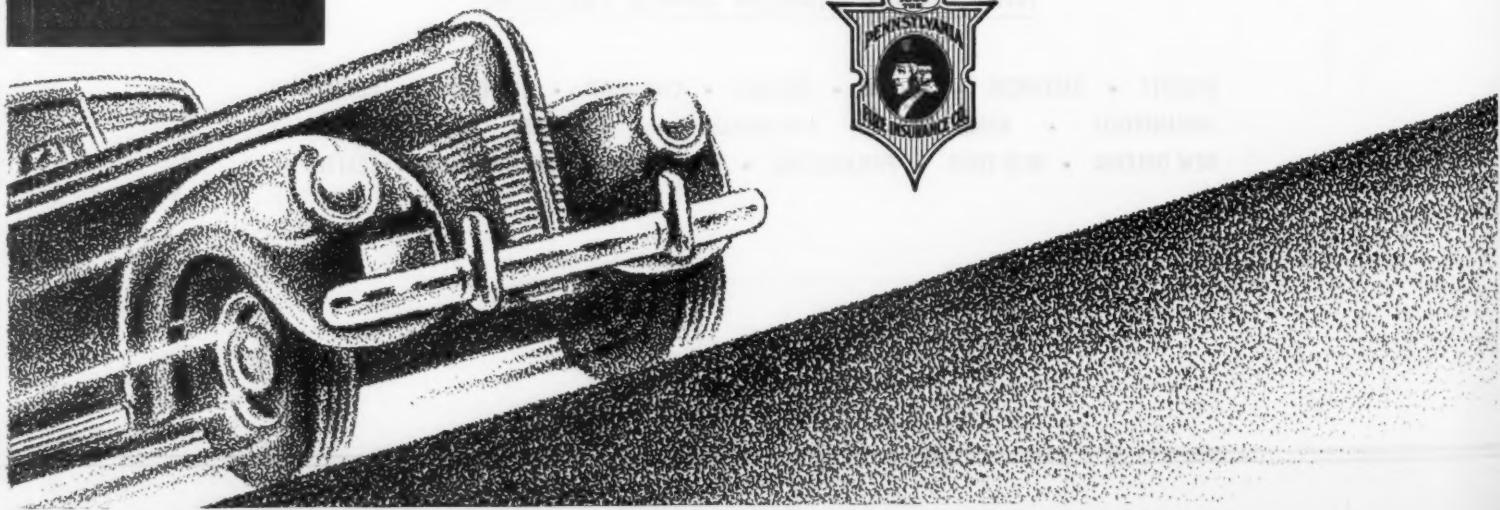
- »»»→1 Survey present Automobile accounts to see that you really have sold *all* forms of coverage—COMPLETE protection. Be sure also to solicit those other policyholders who do not now carry their Automobile Insurance with you.
- »»»→2 Keep in daily contact with proprietors and employees of automobile agencies, garages, accessory shops, tire stores, service stations and parking lots, for "leads" as to prospective Automobile clients.
- »»»→3 Friends, acquaintances and neighbors are also sources of "leads" for new and used car-owners. Satisfied policyholders may also care to recommend the names of friends as prospects.
- »»»→4 Diary financed cars for solicitation at the expiration of the finance arrangement. Also keep in touch with local banks which finance new automobiles or make personal loans on cars pledged as collateral.
- »»»→5 Always count on the assistance of our Fieldmen and Automobile Department specialists in solving your Automobile problems. Our operations are country-wide for *all* forms of coverage. Writings are on a liberal basis with the agent's viewpoint always in mind.

## THE PENNSYLVANIA FIRE INSURANCE COMPANY

New York  
Detroit

Boston  
Chicago

Philadelphia  
San Francisco



# The NATIONAL UNDERWRITER

Forty-fourth Year—No. 45 CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, NOVEMBER 7, 1940 \$4.00 Year, 20 Cents a Copy

## Loss Ratio in South Shows Increase But Income Improves

### No Great Issue Before the Southeastern Underwriters Association

NEW YORK—In the opinion of company men here no controversial question is likely to be raised at the semi-annual meeting of the Southeastern Underwriters Association, at Pinehurst, N. C., Nov. 19, the agenda reciting largely routine matters for review. The executive committee will meet Nov. 16 and again Nov. 18, threshing out all major questions that have arisen the past six months, and submitting these for final consideration at the general meeting.

From common report the loss ratio in the South this year promises to be several points higher than for 1939, due to an increase in number of fires and to considerable increase in windstorm losses. Collections from all states are said to be satisfactory, thanks to the operation of the balance rule adopted several years ago, which agents on the whole observe. As Texas is outside control of the S.E.U.A. because of its rigid anti-compact law, the balance rule does not apply in the state, and agents in a number of the towns there take their time in remitting premiums.

### Business Shows Improvement

What the premium income of the south will prove to be, when final figures for 1940 are available, is hard to predict with any degree of certainty, the impression being however, they will show an advance over the 1939 record, despite the numerous rate-reductions that have been made. The losses in the latter direction, it is held, will likely be more than offset by income from new business. In a number of sections there has been much building activity, many of the residences constructed being in the \$10,000-\$15,000 cost range. General business, too, has been stimulated through the thousands of troops concentrated in different cantonments, which number will be largely augmented within the next few months. These great aggregations of military men mean the spending of large sums, to the benefit of local merchants and the producers of food supplies.

Of the great staples of the south, the cotton yield promises to be one of the heaviest for years, and while shipments to Europe have been sharply curtailed a considerable quantity is being sent to Canada and to certain of the South American countries.

Prices for tobacco are said to be holding up reasonably well, although what the condition will prove to be when the crop is fully harvested in December remains to be seen.

## Fire Hazards and Sabotage Watched

### Precautions Taken to Pre- vent Damage in National Defense Industries

With the rapidly expanding national defense program, careful attention is being given to possible increase in fire hazards and sabotage. In Indiana, for example, fire chiefs have asked for the establishment of a state defense committee operating under the state fire marshal to establish more rigid inspection of danger spots. At the recent course at Purdue University sponsored by the Indiana Inspection Bureau and the state fire marshal, 2,500 firemen were instructed concerning industrial sabotage and industrial protection.

In Milwaukee, at the suggestion of Fire Chief Peter Steinkellner, precautionary measures will be taken to assure continued production of defense material ordered from Milwaukee firms. Large industries there will be urged to pool fire fighting equipment to augment facilities of the city fire department to prevent a conflagration in the highly congested manufacturing areas. Employees have been cautioned to avoid parking automobiles near plant fire hydrants. At the annual fire prevention school in Milwaukee on Nov. 11 instructions for turning in alarms will be issued to the 2,300 supervisors and employees in Milwaukee firms.

### Study London Methods

Because of the important part the fire department is playing in the defense of London, a group of New York City fire fighters have gone there to study the effective methods used in London to combat conflagrations started by bombing planes.

The important part which is being played by fire prevention men in defense work in Canada was outlined by W. J. Scott, Ontario fire marshal, in a recent talk to the Ontario Fire & Casualty Agents Association. Emergency bulletins have been issued to municipal fire chiefs, police forces, fire insurance companies and industrial concerns holding war contracts, covering fire prevention in industry, local fire brigades, sabotage prevention and investigation. Fire prevention work has shown results inasmuch as during the first 13½ months of the war there have been no instances of material damage to war industry or essential services in Ontario by sabotage, fires or explosion.

### Must Watch Saboteurs

In a warning issued by the Ontario civilian defense committee it was pointed out that the saboteurs are likely to start fires, possibly accompanied by explosions, as a means to damage war time industries and essential services. To accomplish this objective they are likely to use methods and materials not encountered in ordinary peace time fire fighting. For example, incendiary bombs burn with a temperature of 2,000 to 4,000 degrees Fahrenheit and special methods of fire fighting are required to fight these fires. Special attention is being given to surveys of existing fire fighting equipment and personnel, including available

## How Surplus Line Law Works in Ariz.

### Explanation of Lloyds Transactions Is Made at Agents Convention

An illuminating feature at the convention of the Arizona Association of Insurance Agents was a symposium conducted by members of the so-called surplus line committee of which the chairman is Conner Johnson. A number of points were clarified in connection with the handling of London Lloyds business under section 182 of the Arizona code which went into effect in June, 1939.

The symposium brought out that only those agents licensed as surplus line agents with the Arizona corporation commission may arrange insurance with Lloyds. Non-resident agents may not qualify in this respect. Any qualified agent may broker business through an Arizona surplus line agent.

The law specifies that business can be placed with Lloyds when a majority of the admitted companies writing that particular class will not entertain it, providing that it is not written at a rate lower than that of any admitted company that would accept it.

### Filing Requirements

Surplus line agents are required to file copies of Lloyds policies, with some exceptions, before they go into effect, with a statement as to whether a majority of admitted companies will write the business and if the rate is lower than that of any admitted company.

If the department finds that a submission violates the law, it must request within five days that the policy be canceled.

Submissions in connection with certain lines of insurance need not be filed. The insurance department issues bulletins from time to time giving a list of lines on which filing is not necessary. At present the list includes over-age accident insurance, accident insurance on employed women with weekly indemnity coverage; short time aviation accident insurance; earthquake, 25 percent or less to value; form G burglary with 100 percent coinsurance; notary public liability insurance; water damage, flood and tempest combined; twin insurance; personal accident and employers liability (Lloyds compensation); third party damage for explosion on gas or oil properties, or oil trucks and similar risks.

The surplus line committee, he said, establishes fair practice between surplus line agents; protects all agents from unfair competition from Lloyds; establishes protection against non-resident agents who write business in Arizona with Lloyds.

The committee, it was brought out in the symposium, has been negotiating with Duncan & Mount of New York, Lloyds attorneys, to have all Lloyd policies covering on Arizona properties clear through an Arizona surplus line

(CONTINUED ON PAGE 13)

help from nearby municipalities. Special hazards existing in war industries are being studied and the employees are being trained in handling and eliminating special hazards.

## Conn. Agents Hold Annual Gathering in New Haven

### Commissioner Blackall, Redden of National Association on Program

NEW HAVEN, CONN.—The Connecticut Association of Insurance Agents is holding its annual gathering here, with an unusually interesting and informative program. A feature of the morning session was a general discussion of the New Hampshire automobile insurance law, the merits of which were set



T. G. REDDEN

forth at the mid-year gathering by A. B. White, Keene, N. H., who had given the legislation attentive study and is peculiarly qualified to speak on it.

A series of proposed changes in the constitution and by-laws, copies of which previously had been furnished all members, will be acted upon, after which officers will be elected.

Among the speakers are Commissioner Blackall of Connecticut, T. G. Redden, Greensboro, N. C., member executive committee National Association of Insurance Agents, and Louis Sachs, compensation commissioner New Haven district, reputedly a speaker of power. Mr. Blackall, president National Association of Insurance Commissioners, will give his views as to the desirability of eliminating careless underwriting and how this may be done.

### Redden Talks on Organizing

The agents have everything necessary to build an organization as strong as they want, Mr. Redden declared in his talk. He recommended use of the coextensive plan, as differentiated from the volunteer plan of building state associations.

(CONTINUED ON PAGE 11)

## Study Effect of Election on State Commissioners

There were elections of insurance commissioners or state officials exercising insurance department supervision in several states Tuesday. In most of the states there was no doubt as to the outcome.

In Georgia, Downing Musgrove was the Democratic nominee for state comptroller and ex-officio insurance commissioner and he, of course, was elected Tuesday. In Florida the Democratic nominee for state treasurer was J. E. Larson. The state treasurer exercises insurance supervision in that state. He succeeds W. V. Knott, who has held office for many years and decided not to seek reelection this time.

In North Carolina, Dan C. Boney, the incumbent, was the Democratic nominee for insurance commissioner and was returned to office Tuesday.

There is probably no doubt that C. F. Hobbs was reelected insurance commissioner in Kansas.

The most interesting contest was in the state of Washington where William A. Sullivan, Democrat, and Fred C. Becker, Republican, were rivals. In North Dakota, also, the office of insurance commissioner is elective. There was an election in Montana, the opponents being John J. Holmes, Democrat, the incumbent, and Geo. P. Porter, Republican, who is a former commissioner. Both Holmes and Sullivan in early returns had commanding leads and their election seems assured.

In Oklahoma the insurance commissioner is elected, but state officers there are elected for four-year terms in off years. Hence there was no election there this year. Also in Delaware the insurance commissioner is elected but the present incumbent holds office until January, 1943.

In Illinois, Dwight H. Green, Republican, was elected as the new governor. There were some rumors circulating in the insurance district prior to the election that Mr. Green would reappoint Insurance Director Palmer, but Mr. Green issued a denial that he had committed himself in any way. Mr. Palmer, although a Republican, was appointed to office eight years ago by a Democratic governor, and Mr. Palmer was active in the support of Harry B. Hershey, the Democratic gubernatorial candidate, who has been attorney for the liquidation bureau of the insurance department.

Otherwise on the basis of incomplete returns at this time, it appears that the gubernatorial results will not necessarily cause a heavy turnover in the ranks of commissioners. In Connecticut a Democratic governor was elected, replacing a Republican administration. John C. Blackall, president of the National Association of Insurance Commissioners, was originally appointed in Connecticut by a Democratic governor and was reappointed by a Republican. In Rhode Island, there appears to be a change in administration that may possibly affect the insurance department. In Nebraska there may be change in view of the fact that on the basis of incomplete returns Dwight Griswold, a Republican, is leading. There has been a Democratic administration there. Also on the basis of incomplete returns, the Republican candidate was leading in New Jersey. That might mean a change, but nevertheless C. A. Gough, deputy commissioner, who is the man whom the insurance business looks to in that state, will go on as usual.

## Washington Agents Conference

The autumn conference of the executive committee of the Washington Insurance Agents League will be held at Seattle Nov. 15. There will be in attendance also local board officers and chairmen of the standing committees. One of the main questions will be the legislative program.

## New President of Pittsburgh Insurance Club

Frank A. Meisel, the new president of the Insurance Club of Pittsburgh, is president also of the Smoke & Cinder Club, the organization of field men in western Pennsylvania. Mr. Meisel is special agent for North British & Mercantile. He went to Pittsburgh in 1926 with the Underwriters Association, now known as the Middle Department Rating Association. He



FRANK A. MEISEL

went with North British in 1930. Before being located at Pittsburgh, he was with the Underwriters Association in the DuBois, Pa., district.

As president of the Insurance Club, he will hold a key position in the observance of Pittsburgh Insurance Day next February.

## N.A.I.A. Committee Heads Are Named by Midyette

Appointment of committee chairmen for 1940-41 has been announced by Payne H. Midyette of Tallahassee, president of the National Association of Insurance Agents.

Chairman of the accident prevention committee is Archie B. Millard, Grand Rapids, Mich.; finance, C. S. Stults, Hightstown, N. J.; fire prevention, Charles Schoelzel, Denver; legislative, R. D. Watts, Beckley, W. Va.; membership, David A. North, New Haven; publicity and education, L. P. McCord, Jacksonville, Fla.; adviser to credit men, Frank B. Heller, Newark; HOLC, W. O. Wilson, Richmond; inland marine, Hunter Brown, Pensacola, Fla.; program, J. M. Hannaford, Jr., St. Paul; rural agents Alex H. Case, Marion, Kan.; surety, W. Herbert Stewart, Chicago; United States Housing Authority, Kenneth H. Bair, Greensburg, Pa.; war risk, W. O. Wilson.

With three exceptions, the committee chairmen are those who held the same position under the previous administration. The new chairmen are Millard, Schoelzel and Watts.

## Life and Fire Men Frolic

The Wichita Life Underwriters Association and Wichita Insurers held a joint stag barbecue and picnic at the Wichita Gun Club with a program of indoor and outdoor sports and a large attendance.

## THIS WEEK IN INSURANCE

**Connecticut Association of Insurance Agents** holds annual gathering in New Haven, with Commissioner Blackall and T. G. Redden among speakers. **Page 3**

Premium income in S. E. U. territory increased but loss ratio higher. **Page 3**

Appointments of committee chairmen of **National Association of Insurance Agents** announced. **Page 4**

Annual meeting of **Arizona Association of Insurance Agents** is held in Phoenix. **Page 5**

Valuable production suggestions brought out at **California association clinic** on agency management. **Page 5**

National Board sets up advisory bureau on fire protection in the offices of the bureau of yards and docks of the navy department. **Page 4**

The A. M. Best Company corrects **President Roosevelt** on statements that he made in his Hartford address reflecting on life insurance. **Page 5**

**Prompt approval of personal property floater** throughout S. E. U. A. territory is foreseen. **Page 5**

Study is made of the effect of the elections Tuesday on the **insurance commission situation** in various states. **Page 4**

**W. E. McCullough**, well known general agent in Denver, is dead. **Page 13**

## National Board Now Sets Up Navy Department Service

An advisory bureau on fire protection has been established by the National Board in the offices of the Navy Department, bureau of yards and docks, in Washington. With this work, the National Board is now assisting both major branches of the United States forces in their preparedness program. Early in October the National Board created a bureau of fire protection at the construction division of the War Department.

The technical service of the National Board in the Navy Department will include surveys and reports with recommendations applying to naval shore establishments covering fire protection, consultation on water supply and water distribution systems, suggestions for safeguarding the fire hazards in building construction and advising in relation to automatic sprinkler protection, fire alarm systems and industrial hazards.

### Stange and Ballou on Scene

Located in the bureau of yards and docks in Washington are R. C. Stange and A. F. Ballou. They are engineers who have been connected with the New York office of the National Board. The field work will be carried out by the engineers of the various boards and bureaus with which the members of the National Board are affiliated.

A dollar a year contract has been executed with the bureau of yards and docks and several engineers have now been assigned to projects and others will be dispatched to additional locations within a few days. The Navy Department, in notifying project managers and division heads of the arrangement, declared:

"A similar plan was in effect during the world war which proved of great value to the bureau and resulted in the development of comprehensive plans for effecting improvements of fire protection facilities."

There was a complete absence of serious losses in naval properties during the world war.

### Libraries Group Gathering

The executive board and advisory council of the Special Libraries Association met in New York, with Miss Laura Woodward, librarian, Maryland Casualty, who was elected association president at the annual convention last June, presiding. Margaret C. Lloyd of Retail Credit Company is chairman of the insurance group. This association is composed of 2,433 special librarians of the United States and Canada.

## Wage & Hour Issue as to Insurance Is Again Studied

The question of application of the federal wages and hours law to insurance again is causing some speculation due to the fact that last week the third phase of the hours provision of that law went into effect. That provision sets the maximum work week at 40 hours with overtime permitted at not less than time and a half wages.

Although many insurance companies voluntarily have made adjustments to observe the provisions of the law, the industry as a whole stands on the position that the wages and hours law is not applicable to insurance because insurance is not interstate commerce. The federal authorities, it is understood, from time to time have submitted to insurance companies forms and questionnaires to be completed regarding working conditions. There has been considerable correspondence. The federal authorities, it is understood, have offered to agree that if the companies would supply this information it would not be accepted as evidence that the companies are thus admitting that they do come under federal authority. However, even with such assurance, the companies have felt that it would be unwise to take any step that might conceivably compromise their situation. It is entirely possible that a hearing may be held in Washington on the general questions involved.

General Counsel Walter H. Bennett of the National Association of Insurance Agents has advised members that the law does not apply to insurance agents and their employees on the theory that they are not engaged in interstate commerce. Mr. Bennett, however, outlines the important provisions of the law for the benefit of those agents who desire to comply with its principles.

It is possible, he points out, that the administrator of the wage and hour law could issue a ruling that the statute does apply to insurance and thus pave the way to getting the issue before the court, but the administrator has not so ruled, he points out. Mr. Bennett states that local administrators in some places have taken the position that insurance agents are under the wage and hour law, but he observes that these local administrators don't have the power to maintain such a position.

## W. B. Burchell, Secretary of Commercial Union, Dies

NEW YORK—W. Bartlett Burchell, secretary of the Commercial Union of London, died in the Hackensack, N. J., hospital Nov. 6 following a prolonged illness.

Born in Brooklyn in 1888, he entered the service of the Commercial Union in 1905, and spent his entire business life with that organization. He received his early underwriting training in the New England department of the company and in 1921 was appointed general agent in charge of that department. In 1930 he was further advanced to secretary of the company.

Mr. Burchell was a close student of the fire insurance business. He served on many important committees, among others the governing committee of the Middle Department Rating Association, chairman Sprinkler Leakage Conference, chairman Explosion Conference, and was an alternate on the rates and rating methods committee of the Eastern Underwriters Association. He was an enthusiastic supporter of the Insurance Society of New York and for several years lectured before its student body. His genial personality, loyalty and devotion to duty won him many friends in fire underwriting ranks.

The Ohio department has licensed the **Constitution Reinsurance**, formerly Baltic, and the **North American Fire & Marine Reinsurance**, formerly Swiss Reinsurance.

November 7, 1940

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## California Panel Discussion Elicits Valuable Pointers

### Costs, Making Small Policies Profitable and Premium Financing Discussed

LOS ANGELES—The panel discussion on "Agency Management and Operation" at the annual meeting of the California Association of Insurance Agents brought out many points of value to every local agent.

Ralph E. Bach of San Diego presided, with George H. Murch, San Diego; H. H. Hendren, Sacramento, and Brooke Sawyer, Redlands, as members of the panel. H. W. Semmelmeyer, public relations director of the Pacific Board summed up the discussion at its conclusion.

Consideration was given methods to meet higher rates and lower premium volume, so as to permit an agency to receive an annual income commensurate with the task of conducting a successful agency. It was held that agents should go into the average cost of writing a policy. Panel members reported that their costs are increasing, now average \$2.64 per policy. To reduce this cost, the number of transactions per policy should be analyzed. The small policy should not be eliminated but an effort should be put forth to increase its face and thus cut the cost. However, if the small policy doesn't better its standing it is best to drop it, although some small policies may deserve servicing.

### Saturation Point Indefinite

Possibilities of market saturation were discussed. It was held that the number of policies that marks the saturation point is indefinite. The agent with 1,000 customers should make the most of his business and produce more business, and at the same time can eliminate the non-profitable policies. The agent must develop the confidence of customers. If he does not he will lose the business anyway. The saturation point as to policies is lower for an agency with inefficient help than for an agency with efficient help. Sales by the office force are in direct ratio to the office force's knowledge of the insurance business. Meetings every Saturday save time and provide ways and means for successful operation.

Renewals should be divided according to size and should be properly serviced. There must be different methods of handling renewals. Some deserve personal attention, some can be cared for by an intimate note, some by just routine handling. Many renewals do not necessitate personal calls but there are some which should have particular attention. Proper service will add to volume but more is had by personal contact.

### Telephone Use Stressed

The telephone as a valuable source of contact is neglected. If the agent runs into a client unexpectedly, it is a good time to talk about renewals. The good agent doesn't let three years elapse between contacts with his clients. Collecting renewals ahead of time helps in collections. One agency thus cut the average time of collections from 46 to 40 days. Change of billing from the first of the month of the anniversary of the policy has helped. Financing plans have saved both time and money. Staggered payments have assisted in making prompter collections. The interest notice also has helped. (Under the California code an agent must charge 6% per cent interest on all balances more

## Best Co. Corrects Roosevelt on His Hartford Address

NEW YORK—A. M. Best Co. in its bulletin this week refers to President Roosevelt's attack on life companies in his Hartford address. The Best Company says:

"We do not consider that it is either our duty or our privilege to engage in political discussions in our publications. We do consider it both our duty and our privilege, however, to discuss economic questions which affect the operations of insurance companies, and the security of their policyholders; and circumstances not of our choosing have made such discussions necessary in recent years. We further deem it our duty and our privilege to correct misstatements, whatever their source, reflecting upon the responsibility of insurance companies or the integrity of their managements. It now becomes necessary to correct a serious misstatement by the President of the United States.

"In an address at Hartford, carried over the radio on Oct. 30, President Roosevelt said that 'there are people in every single one of the 48 states who hold policies in your insurance companies,' and that 'there are many executives of insurance companies who are trying to spread fear—not just here in Hartford, not just in Connecticut, but among the policyholders in every part of the Union.' Later he referred to this alleged fear campaign as 'the most dastardly and the most unpatriotic action,' and used the words 'those false statements.'

### Best Points Out the Facts

"The facts are:

"(1) Of our own knowledge we can state that no responsible insurance official has done what the President charged.

"(2) Policyholders are safe, despite the difficulties created for the companies by vast governmental spending of borrowed money and other unsound and business baiting policies.

"But the general situation should not be ignored. Paper 'promises to pay' are being handed out by the federal government at the rate of \$10,000,000 a day! In the last two weeks alone paper money and (paper) bank deposits increased \$441,000,000. The fiscal policies of the administration are leading to chaos and collapse. The day of reckoning is coming, and the longer delayed the worse it will be.

### Headed Toward Government Control

"For those who do not follow the complex fiscal factors at work we offer the analogy of the assessment life associations. By writing increasing amounts of new business each year, at inadequate premiums, the mortality rate may be kept down and appearances saved, but the bigger such a concern grows the worse the final catastrophe.

"In the life insurance business there is another reason why policyholders should be concerned—the TNEC investigation, which many believe is headed toward government control, despite denials.

Policyholders should ask themselves whether they want their companies' assets in the control of the same administration which runs social security, and which, though collecting billions in taxes hasn't actually reserved one cent of the money toward payment in the future of the benefits promised now. Policyholders have reason to be concerned—and the rest of the Americans with them; but not about the insurance companies, which are still in thoroughly sound condition."

### "PEOPLE'S COMMITTEE" ACTIVITIES

NEW YORK—The life insurance business found itself tossed into the political arena during the closing days of the campaign, with President Roosevelt charging the companies with having instigated a "campaign of fear"

## See Quick S.E.U.A. O. K. for Personal Property Floater

NEW YORK—Negotiations have progressed to the point where it is likely that the personal property floater in his Hartford address. The Best Company says:

"We do not consider that it is either our duty or our privilege to engage in political discussions in our publications.

We do consider it both our duty and our privilege, however, to discuss economic questions which affect the operations of insurance companies, and the security of their policyholders; and circumstances not of our choosing have made such discussions necessary in recent years. We further deem it our duty and our privilege to correct misstatements, whatever their source, reflecting upon the responsibility of insurance companies or the integrity of their managements. It now becomes necessary to correct a serious misstatement by the President of the United States.

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among policyholders. Storm center was the so-called People's Committee to Defend Life Insurance and Savings. This committee made a widespread appeal for funds with which to send out its leaflet "Will You Take 50c for Your Dollar?"

Many strongly pro-Willkie life insurance men deplored the alarmist tone on the leaflet as being based on exaggerated assumptions.

The New York "Post," ardent New Deal supporter, attempted to show that metered mail permit numbers assigned to a life insurance company had been used in sending out some of these leaflets. However, it was later reported that an explanation satisfactory to Washington had been made by the company involved.

Apparently no life insurance men were consulted in the preparation of the pamphlet and the only life insurance man in the lengthy list of members printed on the committee's letterhead was a Youngstown, O., man whose company affiliation was not given. Undoubtedly many life men, acting as individuals, either contributed to the committee or otherwise aided in the distribution of the leaflets. However, there was no evidence that the companies, as such, had thrown themselves into the campaign.

### Warned to Guard Equipment

KNOXVILLE, TENN.—Warning that incendiarism is the surest way for fifth columnists to hinder the national defense program was given by J. Burr Taylor, Western Actuarial Bureau, Chicago, speaking to a group of city officials and other business leaders here, sponsored by the Knoxville Insurance Exchange.

"What better way for an incendiary to work," he asked, "than after starting a fire in a factory to have confederates pull fire alarm boxes throughout the city?" Fire department officials were urged to guard fire equipment at all times. He said the FBI has investigated more cases of incendiarism in the past 10 months than in 10 years prior.

James Rattray, vice-president and director of the Reinsurance Corporation of New York, died at his home in East Orange, N. J., following a month's illness. A native of Aberdeen, Scotland, where he was born in 1875, Mr. Rattray entered the banking field in this country in 1904, soon gaining a wide reputation as a financial expert. He had been identified with the Reinsurance Corporation since its formation four years ago.

## Arizona Agents Pick Harold Wilson as New President

### Bond Made National Councillor—Registration of 185 at Phoenix Meeting

#### NEW OFFICERS ELECTED

President—Harold Wilson, Tucson.

Vice-president—W. C. Miller, Phoenix.

Secretary—R. Norris Martin, Tucson.

Tucson.

National Councillor—C. W. Bond, Phoenix.

PHOENIX, ARIZ.—Harold Wilson, Tucson, will head the Arizona Association of Insurance Agents for the next year, and the 1941 convention will be held in his home town, it was decided at the annual meeting here.

With a registration of 185 the convention was described as "one of the best Arizona has ever held." Chief host of the convention was C. W. Bond, Phoenix, retiring president, who was elected national councillor, succeeding V. M. Haldiman, Phoenix.

### President Bond's Report

President Bond, in presenting his report, discussed the educational programs that the association is conducting, one at Tucson and the other at Phoenix. In addition it is furnishing correspondence courses. At the present time there are many students enrolled in the educational work, meeting weekly. He declared that the educational project is the major activity of the association. Excellent work has been done, he said, by the educational, membership, B.D.O., fire prevention, surplus line and rural agents' committees. A plea was made to the agency force at large to uphold and defend the present method of operation, both fire and casualty-wise. In Arizona, he said, the insurance people have an ideal situation as to the stabilization of rates in both fire and casualty. The Arizona association shows approximately 20 percent increase in membership.

### Menn Outlines Objectives

W. H. Menn of Los Angeles, representing the National Association of Insurance Agents, discussed its work and future objectives. He listed among the latter the advancement in the various states of "reasonable and decent agents licensing laws" and opposition to compulsory automobile insurance legislation. The best plan yet advanced, he said, with regard to automobile insurance is the financial responsibility law in New Hampshire. He praised the work of the Arizona Business Development committee.

H. P. North, assistant director Development Office, San Francisco, reviewed its activities and H. W. Semmelmeyer, public relations director Pacific Board, discussed ways and means of raising the standards of the insurance business.

Walter Fotheringham, Aetna Fire, San Francisco, chairman of the Arizona advisory committee, discussed details of insurance rating and complimented the Arizona association on the excellent spirit of cooperation between its members and the companies.

Prof. George E. Herrick of the University of Arizona, Tucson, discussed the insurance-education program sponsored by the university and told of plans for its expansion. The activity is carried on as a part of the university's ex-

(CONTINUED ON LAST PAGE)

(CONTINUED ON PAGE 30)

## U. S. May Study Insurance Trade Barrier Question

In view of the current national interest in the question of so-called trade barriers and the relation of countersignature laws in the insurance field to this general question, THE NATIONAL UNDERWRITER requested the Department of Commerce at Washington to forward whatever information it had available on the trade barrier situation in the insurance field. There was a reply from Paul T. Truitt, chairman interdepartmental committee on interstate trade barriers, enclosing two documents. One is a summary of testimony submitted to the Temporary National Economic Committee by A. H. Martin, Jr., executive director marketing laws survey of Works Project Administration, Federal Works Agency, at the hearings on interstate trade barriers. The other was a digest in chart form of state laws relating to the problem of interstate trade barriers for states whose legislatures convene in 1940. This was prepared by the marketing laws survey Works Progress Administration at the request of the United States Department of Commerce and the interdepartmental committee on interstate trade barriers.

Mr. Truitt states that the subject has been called to the attention of his department a number of times principally by the National Association of Casualty & Surety Agents and he states that his department hopes sometime in the near future to be able to make a particular study of the trade barrier situation in the insurance field.

### Summary of Testimony

Under the heading "General Regulatory Powers in the Interest of Public Safety & Morals," the summary of testimony by Mr. Martin includes reference to insurance as follows:

"In the field of insurance, typical examples of the restrictions imposed by a state upon out-of-state insurance companies, in the exercise of their police power, are those placed on the admittance of foreign corporations to do business within the state. Such restrictions take the form of requiring submission of reports to the secretary of state and his approval before entering business in that state. The secretary of state is also frequently authorized to require deposit of bonds or securities to protect state residents. Another type of provision allows the commissioner of insurance or other state official to revoke the license of a corporation if it does not pay its losses. Capital requirements are also set. These restrictions are often the same as those required of local corporations, but the cumulative effect, particularly of a provision requiring the deposit of large sums of money, is to discourage many persons from engaging in an interstate business. The 'differential gross premium' tax as adapted in the state of Texas is another type of the devices used in preventing foreign insurance companies from competing with local institutions.

### Agency Regulations

"Restrictions are also made applicable to agents of foreign corporations. The most usual requirement is that the agent must be a resident, or, is required to deal through a local resident of that state."

Although there was this reference to insurance, the testimony was mainly concerned with the fields of liquor, itinerant truckers, motor vehicles, nursery stock, use tax, milk and dairy products, live stock, general foods, margarines, commercial fertilizer.

Mr. Martin states that the statutes in question have been enacted under four categories of powers traditionally delegated and reserved to the states, including the power of taxation, the state police power in the protection of health and sanitation, licensing and general



Snapshots at the annual meeting of the Indiana Association of Insurance Agents in Indianapolis, taken by R. M. Hubbell, Indiana special agent Great American: (Left to right) E. H. Forry, Indianapolis; Chris Zoercher, Tell City, member national executive committee; J. W. Larew, Valparaiso; R. W. Forshay, Anita, Ia., vice-president national association; Simpson Stoner, Greencastle, new president Indiana association; Commissioner Blackall of Connecticut; Wm. C. Myers, Evansville, retiring president Indiana association, and Commissioner F. J. Viehmann of Indiana.

regulatory powers and the sovereign proprietary powers in regard to conservation of natural resources and ownership of public works and property.

He goes on to say that there can be no criticism of the exercise of state powers to promote policing, to produce necessary revenue and to protect state resources and property. The danger lies in the abuse of these powers to achieve interstate market restrictions by masquerading serious impediments to free trade in the garb of traditional powers.

In the digest of state laws for states whose legislatures convene in 1940, the insurance entry is divided into these headings: Restrictions on admitting foreign corporations, restrictions on agents, taxes on foreign companies, retaliatory provisions and miscellaneous. The states covered are Kentucky, Louisiana, Mississippi, Nebraska, New Jersey, New York, Rhode Island, South Carolina and Virginia.

### Fire Specialists Lecture Before Hartford College

Fire insurance specialists from Hartford companies are appearing as guest lecturers in the first insurance course conducted at the Hartford College of Insurance by J. A. Dann, chief examiner Travelers Fire.

G. C. Long, Jr., president of the Phoenix and chairman of the college's fire and marine insurance committee, was the first speaker. James Wyper, vice-president Hartford Fire, has lectured on "The History and Traditions of the Fire Insurance Business," and Esmund Ewing, vice-president Travelers Fire, has addressed the class on subject of "Economic Importance and Function of Present Day Fire Insurance."

B. B. Gracey, assistant secretary of the Hartford Fire, has presented a lecture on "Subrogation," and F. F. White, superintendent of the loss department of the National Fire, has discussed "The Interests of a Mortgagor under a Policy of Fire Insurance."

On Monday L. J. Banta, assistant general adjuster Travelers Fire, spoke on "Waiver and Estoppel," and the latter part of this month, C. P. Jersey, assistant secretary Travelers Fire, will discuss "Use and Occupancy."

### Insurance Panel for Credit Men

CINCINNATI—A panel of three insurance men was selected to answer questions at the first meeting of the Cincinnati Association of Credit Men sponsored by its insurance division, Nov. 6, as follows: Fire insurance, T. P. Bryant, W. P. Dolle & Co.; casualty and surety, Gustav May; life insurance, W. T. Earls, general agent Connecticut Mutual Life.

The panel was appointed to swing into action following the addresses of the two principal speakers, T. A. Fleming, National Board, and E. B. Moran, manager central division National Association of Credit Men, Chicago.

### Mrs. John Rygel Writes Portrait of McKinley

Alma McKinley Rygel, of Winnetka, Ill., will soon have out a new book entitled "Buckeye Son—the Portrait of a President." Mrs. Rygel is the wife of John Rygel, secretary of the Hanover Fire in its western department. Mrs. Rygel's father was a cousin of William McKinley and the author is devoting this book to a pen picture of the president, not so much as a biography as a presentation and revelation of his views on the problems and issues of that time.

### Attitude on Third Term

Mrs. Rygel struck the New York "Herald-Tribune" last Sunday and in an extended feature story extracts from the book were presented to show how President McKinley scorned a third term. Mrs. Rygel tells about the visit of Mark Hanna to the White House at which he informed President McKinley that a great many people felt that he should be nominated for the third term. He told the President that the country was in good condition and that in order to maintain that very desirable situation he should carry on. McKinley stated very emphatically: "I decline absolutely to countenance or even consider such a suggestion." Hanna pressed the subject with greater force and McKinley replied: "I would not even listen to a proposal of renomination. It is un-American."

### No Dictation on Vice-President

Again at the close of McKinley's first term before the Republican convention, Mrs. Rygel relates a visit that Hanna paid to the President in which the former said that of course McKinley would be renominated without any opposition. However, Hanna was concerned about the vice-president and he was endeavoring to get McKinley to dictate the name of the man that he desired as a running mate. As Mrs. Rygel puts it, McKinley lolled back in his big chair, and with an unlit cigar between his teeth, said: "That's for the convention to decide." Hanna still endeavored to draw out the President but he said: "Even if the person you say had my support I could not name him or anyone else for the office. You must not undertake to commit the administration to any candidate. The administration wants the choice of the convention."

There is much interest in the forthcoming book by Mrs. Rygel as she has had access evidently to sources of information that have not been tapped. In view of President McKinley's positive stand, the issues that were brought forth in the recent presidential campaign take on added interest.

### N. J. Mid-Year Dates Set

The New Jersey Association of Underwriters will hold its mid-year meeting at Asbury Park, March 12-13. Decision will be made at that time as to whether to change the name to New Jersey Association of Insurance Agents.

### FSA Gets Responses on Bid Invitation

Invitations on the part of the Farm Security Administration to bid on insurance on industrial and commercial project properties of FSA elicited responses from the Stock Company Association and Houston Fire & Casualty.

Houston F. & C. offered a definite proposition whereunder rating authority rates would apply for fire and extended coverage in Washington, Oregon, Oklahoma, Texas, Tennessee, Mississippi and Louisiana; rating authority rates less 10 percent in California, Montana, New Mexico, Colorado, Wyoming, Alabama, Georgia, Florida and Rhode Island and rating authority rates less 25 percent elsewhere.

The Stock Company Association replied that it was not in a position to submit a sound bid unless it is provided with a complete list of all properties, including location, construction, occupancy and value. Under the specifications, the bidder is made responsible for determining to its satisfaction the type of property on which insurance may be required. SCA stated that it is not conversant with the possible future plans of the FSA nor does it know what properties may require insurance. The SCA observed that these are factors that materially affect the computation of any average rate. If an average rate were submitted over all by states on the listed properties, it would be affected by the later addition of properties not originally listed. Equitable rates can only be determined by knowledge obtained through inspection of all the properties that the FSA intends to insure. The SCA is prepared to do that work and pending such an opportunity, is willing to bind insurance on any individual unit with the assurance that an equitable rate will be established by the rating authorities within a reasonable time.

### N. J. Associations Elect

A number of local boards in various parts of New Jersey, have elected officers:

Mercer County Association of Insurance Agents—F. R. Zelley, president; J. P. Fleming, vice-president; Karl Weidel, secretary-treasurer.

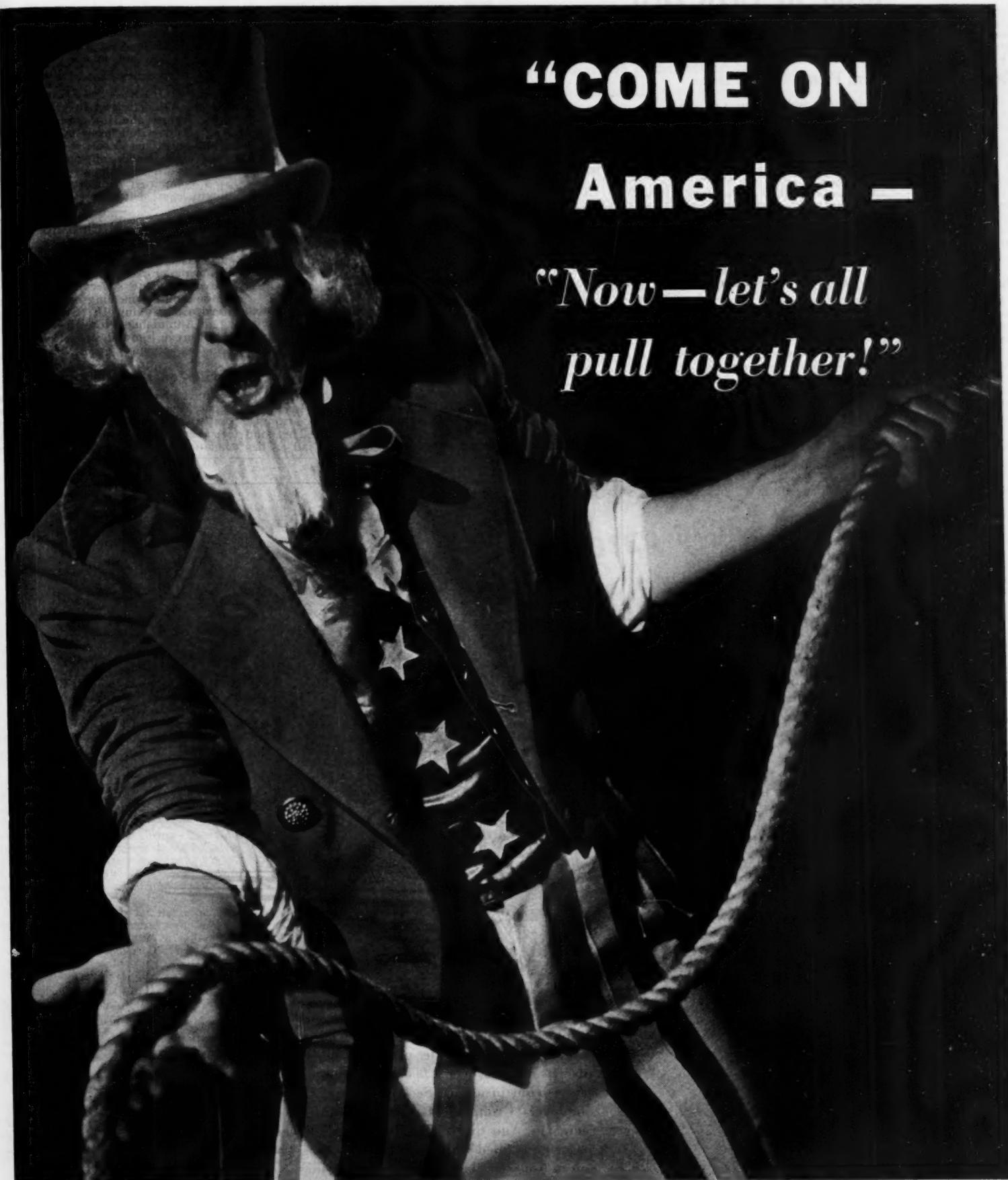
Bergen County Association of Insurance Agents—A. H. Miller, president; W. E. Baker, first vice-president; Douglas Train, second vice-president; J. J. Cheron, secretary-treasurer (re-elected).

Passaic County Association of Insurance Agents—H. E. Munz, president; E. H. Ellis, vice-president; W. G. Hesser, secretary-treasurer.

Atlantic City Association of Insurance Agents—F. T. Bolte, president; J. W. McNally, vice-president; D. E. Gardiner, secretary-treasurer.

H. W. Harding, 41, member of Harding Brothers agency, East St. Louis, Ill., died there after a long illness.

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ATLANTA

MONTREAL

## NEWS OF FIELD MEN

### F. M. Radcliffe in Ill. Field for Employers Fire

Fred M. Radcliffe has joined Employers Fire as special agent for southern Illinois, filling a vacancy. Lately he has been connected with the Paul Kaiser agency at Waukegan, Ill. Previously he had served as special agent of American for about a year and a half. He was also for a time marine special agent for Home of New York with headquarters in Chicago and for three years was in the western department of Springfield F. & M. His headquarters have not yet been decided upon.

### Wisconsin Blue Goose Stag

MILWAUKEE—The Wisconsin Blue Goose is arranging a stag for the afternoon of Nov. 16 at which the American League baseball film, "Touching All Bases," will be a feature attraction. The field men are inviting local agents to be their guests. Thomas Hites, Boston and Old Colony, is chairman of the entertainment committee. The annual dinner dance will be held Dec. 14.

### Hughes Goes to Missouri

The American group has announced the transfer of Special Agent C. K. Hughes from Oklahoma to a newly created central Missouri territory.

He was born in Little Rock, Ark., and received his early training in the local agency business in Memphis. Later he was associated with a general agency in Oklahoma, after which he became affiliated with the American group. He will be located at 211 East Capitol Avenue, Jefferson City, Mo., and take over a portion of the territory formerly supervised by State Agent Cox, who retains the western Missouri territory, with headquarters at Kansas City. The eastern portion of the state will continue to be under the supervision of Special Agent La Boyteaux, operating out of St. Louis.

### Nicholson Kiwanis Speaker

Roy L. Nicholson, Wisconsin state agent for the Michigan Fire & Marine, addressed the Bay View Kiwanis Club of Milwaukee on "The Motto of a Great Business." He described the early beginnings of fire insurance, its development to the tremendous business it is today, and the service rendered to the public by capital stock companies through the National Board, Underwriters Laboratories and similar organizations. The audience, made up of business men of the community, displayed much interest in the subject.

### Ieuter Goes to Illinois

W. C. Ieuter, Indiana special agent of the Ohio Farmers for the past five years, is being transferred to Illinois as state agent for the central division of that state. He had eight years experience with the Indiana Inspection Bureau before going with the Ohio Farmers in that state. He is highly regarded in the Indiana field and has been secretary-treasurer of the Indiana Fire Prevention Association for a number of years.

### Kaga Chosen Secretary

Don G. Kaga, Royal Exchange, has been appointed secretary-treasurer of the Indiana Fire Prevention Association, succeeding W. C. Ieuter, Ohio Farmers, who is being transferred to Illinois. Mr. Kaga has been active in the association.

### Zurich Fire Increase

The Zurich Fire, running mate of the Zurich General Accident, has increased its capital from \$200,000 to \$300,000 to conform with the minimum capital requirements under the revised New York insurance laws.

ciation for some years, ever since he entered the Indiana field originally with the Home.

### Wichita Blue Goose Gathering

The Wichita Blue Goose auxiliary entertained the Sunflower puddle at the annual fall dinner-dance-bridge in Wichita. Noble Birmingham, new Kansas special agent Phoenix of Hartford group, formerly of Oklahoma City; E. P. Janousek, state agent Security, who recently moved headquarters to Wichita from McPherson, and Al Wilde, engineer North America service office, St. Louis, were among the guests. W. F. Ehret, American state agent, and deputy most loyal grand gander, spoke.

### Change in A. H. Turner Office

C. L. Ledsinger has resigned as special agent for the A. H. Turner office of Atlanta, southern managers for several companies, to engage in the insurance business on his own account. Mr. Ledsinger has been associated with Mr. Turner for about 22 years. He is succeeded by Roy T. Barnett, formerly assistant manager of the Georgia Inspection & Rating Bureau. He has

been connected with the bureau 21 years.

### To Inspect Marion, Kan., Nov. 21

The Kansas Fire Prevention Association will inspect Marion, Nov. 21 with Alex Case in charge of arrangements. H. K. Rogers, formerly with the Marion fire department who originated his "fire clown" act there, will speak. V. E. Herbert, Firemen's of Newark, association secretary, is handling details.

### Indiana Initiation Nov. 15

The Indiana Blue Goose will hold an initiation Nov. 15. Reports of delegates to the grand nest meeting in Philadelphia will be given. A Christmas party is planned for December and the annual dinner-dance will be held in February.

### T. A. Hill Succeeds Porep

The North America has appointed Terry A. Hill special agent in Seattle to fill the vacancy left by the recent death of E. W. Porep.

### Plan Minn. Joint Meeting

A joint luncheon meeting of the Minnesota Blue Goose and the Insurance Club of Minneapolis has been arranged for Nov. 18 in Minneapolis. The pond held another in its series of fall parties

Nov. 1, attended by about 75. The Blue Goose auxiliary was entertained at a dessert luncheon at the home of Mrs. Frank S. Rogers, St. Paul.

### Aid Community Fund Drive

DES MOINES—Ted Flynn of the Des Moines Association of Insurance Agents spoke before the Iowa Blue Goose at the Monday luncheon to explain the community chest drive. J. H. Bunten, most loyal gander, appointed Lee Taylor, Edward Davis and John Lenehan as a committee to work on the community chest drive.

### Williams Is Field Club Speaker

DENVER—Frederic Williams, secretary Rocky Mountain Fire Underwriters Association, gave a brief review of the activities of the supervisory committee at the monthly meeting of the Mountain Field Club. Guy W. Shirley, special agent Automobile Protective & Information Bureau, showed motion picture covering its activities.

### Confer on Life Members

Roy L. Nicholson of Milwaukee, state agent Michigan F. & M., who was recently elected president of the Life Members Society of the Northwest Association, and W. J. Sonnen of Evans-



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ton, Ill., secretary of the organization, held a conference this week in Kenosha, Wis., making plans for the year.

#### W. G. Brownson Resigns

W. G. Brownson of Detroit has resigned as Michigan state agent for Rhode Island, a position that he has held about seven years. He is well known in the state.

#### Scarboro to Norwich Union

W. T. Scarboro has been named as special agent for Norwich Union in Montana, with headquarters at Billings. He formerly covered the territory for Cravens, Dargan & Fox.

#### Emerrick Named in Seattle

Don W. Emerrick has been appointed special agent for the Fireman's Fund and Home Fire & Marine in western Washington with headquarters in Seattle.

#### Speakers Club in Tennessee

NASHVILLE, TENN.—A public speakers club has been formed by Tennessee field men. Beginning Nov. 10, a weekly course in public speaking is to be conducted. Leon McGilton, American, is chairman of the committee.

The Minnesota Fire Prevention Association will inspect Fergus Falls Nov. 14. R. S. Vernor, Western Actuarial Bureau, will speak at a public dinner. The preceding evening field men will give a dinner to local agents.

D. L. Coulbourn of Richmond is celebrating his 20th anniversary as Virginia state agent of the National of Hartford.

The Georgia Blue Goose will start its fall and winter social season with a dinner dance at the Piedmont Driving Club the evening of Nov. 23. Arrangements are being completed by the entertainment committee headed by John M. Harrison and C. R. Wilcoxon.

## NEW YORK

#### AMERICA FORE OLD GUARD

At the annual dinner of the Old Guard of the America Fore head office in New York City, Vice-president C. L. Newmiller presided. The members are those that had been employed by the organization for 25 years or more. The chief speakers were President B. M. Culver and Executive Vice-president F. A. Christensen. Henry Keck was the dinner arrangements chairman. W. W. Andrews, now 90 years old, was guest of honor. He joined the America Fore in 1867. The next oldest man in service is H. A. Nelson, who is still active in business. He joined in 1875.

#### GLATZMAYER WITH RHODE ISLAND

Edward T. Glatzmayer, formerly of Globe & Rutgers, has joined Rhode Island as brokerage representative in its New York branch. For many years he was New York metropolitan special agent for Travelers Fire.

#### PREMIUM PAYMENT RULE

The arbitration committee of the New York Fire Insurance Exchange has reminded its members that checks received in payment of premiums must be

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deposited promptly under the premium payment rule and that the rule also requires that checks which are not good must be made good at once or cancellation notices sent the assured immediately.

#### G. L. DOSCHER RESIGNS

G. L. Doscher, who has been comptroller of the United States branch of Pearl and treasurer of Eureka-Security and Monarch, has resigned. His successor has not been announced as yet.

#### GRIMSLEY ASSISTANT SECRETARY

W. V. Grimsley has been appointed assistant secretary of Stuyvesant. He

will continue to supervise the New York City and suburban fields. He has been with Stuyvesant since January, 1939, and previously had been special agent for Hartford Fire.

#### MIDYETTE HOLDS CONFERENCES

After spending the past week in New York City, Payne H. Midyette, president National Association of Insurance Agents, left for his home in Tallahassee, Fla., Nov. 2. While in the city he had a number of informal conferences with fire and casualty company officials, on problems of common concern to companies and agents.

## CHICAGO

#### JOHN M. WARNER AGAIN ACTIVE

John M. Warner of Moore, Case, Lyman & Hubbard, Chicago, who assumed the leadership in 1918 in a movement to protect the business not only of insurance producers but of men in other businesses and professions who entered military service, is very much interested in seeing that the experience of that emergency is repeated today. Mr. Warner was given credit for having originated the idea in 1918 and it was

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enthusiastically taken up by the Illinois State Council of Defense. He recalled that the idea came to him when a golfing companion one day suddenly remembered that an insurance policy was just then expiring and that the agent was in France. Mr. Warner arranged the renewal for the benefit of the agent who was in overseas military service and then pursued a crusade that was rather extensively publicized at the time. Members of the Chicago Board at that time agreed to aid in preserving intact the business of agents and brokers that were in the service. Under the program, the secretary of the board was to be notified of any incident of loss of business for the account of an agent who was in the service of his country.

The directors of the Chicago Board just recently adopted a resolution recommending that members at this time adopt a similar attitude. Clark Nolan, president Insurance Brokers Association of Illinois, states that this organization is committed to such a policy.

Mr. Warner recalls that during the last war, knowledge on the part of agents in military service that their business was being protected against competition contributed greatly to their morale.

#### BROKERS' ANNUAL GATHERING

Seven directors were elected at the annual meeting of the Insurance Brokers Association of Illinois. The board will meet soon to elect officers. G. A. Seavers, Jr., Angus Chassells, A. T. Graham and C. E. Nolan, president, were reelected directors; J. B. Parker was elected for one year and R. J. Migely and J. W. Lasier for three years. A resolution on the death of J. S. Glidden, manager Chicago Board, was read by Mr. Graham and adopted. A revision of the constitution and by-laws to permit real estate-insurance men to join as associate members was adopted. Amendments adopted exclude any person connected with companies in any way and also eliminate solicitors. President Nolan reported on the automobile equity rating controversy with Insurance Director Palmer of Illinois, stating that the temporary injunction secured in the court action may serve to hold off enforcement of the department's ban of equity rating for years. Joseph Norton reported on the political insurance racket. There was no time to consider the proposal made by President Nolan to bond all members as a means of giving them prestige and distinction. This plan goes over for consideration at the next quarterly meeting. W. A. Sullivan, Loose-Wiles Biscuit Company, will address a luncheon to be held by the brokers Nov. 12.

T. F. Coleman announced he was authorized by Insurance Director Palmer to inform the meeting that the department would cooperate fully in whatever steps may be necessary to protect the interests of licensed insurance agents and brokers who may be called under the selective service act. If it is found, after consultation with the attorney-general, that special emergency legislation

## New Chairman



DONALD M. WOOD, SR.

Donald M. Wood of Childs & Wood, Chicago, who was elected chairman of the Chicago Insurance Agents Association, is one of the outstanding and most progressive agents in the city. The membership of this body is confined to agents operating on a commission basis solely.

is necessary for renewal of present licenses March 1 the department will prepare and recommend to the legislature an appropriate emergency measure.

#### MORE DEMAND FOR HELP

Some western offices in Chicago find that there is an increased demand for added employees, indicating that business is picking up to some extent. There has been very little shifting in personnel but in some cases there has been bidding for a high type of men. There are a number of former insurance men out of employment or filling positions that are not satisfactory that hope to get more comfortably placed when the military draft starts.

#### LABORATORIES' INSPECTORS MEET

The annual meeting of Underwriters' Laboratories' field agents is being held this week at the head office and principal testing station in Chicago with 150 inspectors from all parts of the country on hand.

Each year these men supervise the production at factories of 500,000,000 articles conforming with Underwriters Laboratories' safety requirements. Field inspectors are located in 200 cities in the United States and Canada.

As a feature of the meeting the inspectors will tour the 17 departmental laboratories and witness tests on elec-

trical equipment, automatic sprinklers, oil burners and stoves, automotive equipment, bullet-resisting glass and steel, fire windows, fire-resistant roofing shingles and other materials. The inspectors were addressed by President Small of the laboratories at a dinner.

#### CHICAGO BOARD MANAGER

There is much speculation as to the probable action of officials and members of the executive committee of the Chicago Board in filling the vacancy on the part of manager caused by the death of Jay S. Glidden. It seems likely now that there will be nothing done for some weeks. There is really no cause for hurry and those in authority desire to look over the ground thoroughly. As is known, the Chicago Board is the only independent rating organization in the country, that is, one that is not supervised more or less by the companies. The New England Rating Association took over the rating authority of the Boston Board thus leaving the Chicago

Board as the only survivor. It has been stated that if the companies feel that the time has come for a change in Chicago and Cook county now undoubtedly is the appropriate time.

There already has been some informal talk on the subject. The companies may seek a divorcement between the Chicago Board and its rating organization or they will insist on some drastic changes in the board's setup and authority.

The Insurance Brokers Association of Illinois has been attempting to obtain a voice in the Chicago Board activities but has never gotten very far. There are 154 class 1 members of the Chicago Board including agencies, western managers with Cook county departments and Cook county managers. There are 106 class 1 agencies, leaving 48 company members. It is thus seen that the agents have the voting power.

There are 1,500 full time brokers in Cook county and 5,000 part time brokers including the class 2 agents that have brokers' licenses. The brokers claim

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BOSTON  
ST. LOUIS  
LONDON

that they produce at least 85 percent of the premiums in Cook county. They have been seeking an equal voice in the Chicago Board management so far as control is concerned. That is, they demand equal representation on all committees. They do not necessarily seek official positions.

In view of the company and broker influence it may seem desirable to postpone any action so far as appointing a manager is concerned until the issue is more definitely crystallized.

The Insurance Brokers Association calls attention to the fact that the brokers pay in fees to the Chicago Board \$65,000, while the class 1 members pay \$15,000.

One of the most vital arguments that the agents have for continuing the board under its present setup is the fact that it holds a most valuable charter from the state dating back to the '70s.

#### FEDERATION TO BE HOST

The Insurance Federation of Illinois is to be host to the Insurance Distaff Executives Association at a dinner, Nov. 14, at the Union League Club in Chicago.

The program will consist of review of the history of the Illinois Federation. C. H. Burras, Joyce & Co., past president of the organization, will outline its features. H. N. Douglass, New Amsterdam Casualty, chairman of the board, will discuss the inception and purpose of the insurance advisory council of Illinois, which is sponsored by the Federation. J. P. Keevers, Maryland Casualty, president, will review current and future activities.

#### MAY BRING ABOUT INDICTMENTS

It is expected that now that election is over more activity may be seen on part of the Insurance Brokers Association of Illinois in attempting to bring about indictments in so-called political insurance transactions, much evidence having been gathered by the Chicago "Daily News," which ran a series of articles on this subject. The Insurance Brokers Association has been investigating the subject and believes that there is sufficient evidence to bring about indictments.

**W. K. Komalko**, son of S. B. Komalko, well known Chicago agent, who has entered aviation training, has received his orders to leave for camp Nov. 27 to undergo his ground training.

**Mrs. H. R. Summer**, wife of **Fred J. Summer**, proprietor of the Summer agency, 2145 East 83rd street, Chicago, is in the Presbyterian hospital for a major operation.

## Conn. Agents Hold Annual Gathering

(CONTINUED FROM PAGE 3)

tions and local boards. The volunteer method, he said, permits the agent to join his local board or state or National association if he cares to, even to become a member of the state and National associations and not of the local board in his community. The coextensive plan means that every agent who joins his local organization must be a member of the state and National groups.

"Certainly all of you know," he commented, "that every state in the union has some problems that are peculiar to its own locality, but that every state has certain problems that are fundamental. If this is true, then there should be a method or plan for meeting these problems that is also fundamental. It has been my experience and observation that proper organization of local boards and state associations is the fundamental plan that has best met problems old and new."

He said he had seen a number of states operate under both plans and the results inevitably have been the same. Under the volunteer plan, membership was reasonably large and prosperous

in prosperous times, and appreciably smaller and less prosperous when business conditions were upset. However, under the coextensive plan there always has been noticed a steady growth of members, very little change from members dropping out, dues problems less serious and, if anything, a tendency for membership to increase when business conditions are upset rather than to decrease.

He said the North Carolina association was organized Oct. 27, 1898, operating until 1933 under the volunteer plan. In 1932 conditions were so bad that the

membership dwindled to 62 in good standing and it was necessary to rebuild. The coextensive plan was adopted, a fund subscribed and a full time manager employed. Today instead of 62 members and six local boards, there are 610 members and over 75 local boards, city and county, out of an estimated total of 670 eligible agencies.

H. L. Bailey, Jr., Groton, presided at the meeting. Paul M. Taylor of New Haven is state secretary.

**J. E. Walker**, attorney and adjuster of Sheffer-Cunningham, adjusters, Wichita,

for the last two years, left for active duty at the field artillery school in Ft. Sill, Okla. as first lieutenant.

#### Cal. Retaliates Against N. Y.

Commissioner Caninetti of California has invoked a retaliatory clause against companies domiciled in New York that operate in California. Such insurers are required to pay a minimum annual tax of \$100 to California. The commissioner estimates that the aggregate amount of additional tax accruals in California from this step will be about \$2,000.



PHOTO BY GENDREAU

That's quite a picture, isn't it? A cute kid, a trusting squirrel and a nice bit of photography—all blended to preserve a scene we'll bet you wish you could have shot with your own camera.

Of course, the striking part about that picture lies not so much in what it actually portrays as in what it suggests. The innocence of all little boys, for instance. And the natural friendliness of most of our animal friends. The unseen elements are what "make" that picture.

In a large sense, the unseen elements are what determine the success or failure of company-agency relationships. The helpfulness of fieldmen. The dependability of all office executives. The basic knowledge and understanding of problems whose solution cannot be found in manuals or text books. These are unseen things, intangibles.

But they are the very fabric out of which successful agencies, representing first rate companies, are created.

Only companies which can claim a full share of these business-like, profit-producing intangibles can sincerely invite the confidence, respect and co-operation of progressive agents today. Ours is such a company.



### THE MANHATTAN

*Fire and Marine*

99 John Street      New York City

## EDITORIAL COMMENT

### Look-in from the Outside

We especially call our readers' attention this week to a most thought-provoking and penetrating study of insurance in our department, "Pointers for Local Agents," by Prof. T. H. Ross, director of the school of merchandising of the University of Southern California, given before the convention of the California agents. It is true that Mr. Ross is not a practical insurance man. He spoke as a buyer of insurance and a student of marketing. He has had wide experience in research work along merchandising lines.

We can get many valuable points and some excellent observations from these outsiders who speak with a certain degree of authority. Because they do not understand the insurance business and its technique, it makes them more valuable witnesses. They compare insurance merchandising with that of other services and products. In our issue of last week we had an equally important contribution by John M. Joyce of Joliet, Ill., head of Joyce's 7-Up, who spoke at the Illinois agents' meeting. Joyce's 7-Up is a soft drink. He gave some very valuable suggestions about selling and spoke with an understanding mind.

Naturally these men who are not practical underwriters and do not know the problems of insurance are impractical at times in their statements and appeal. As a rule, however, out of what they say an insurance salesman should be able to gain much. Furthermore company officials might listen with a sympathetic ear to these consumers or premium payers and be benefited by what they have to offer.

In almost all these addresses from those in other fields there are two outstanding features. First is that an insurance salesman should be a diagnostician. He should be able to paint a picture of a customer's insurance needs and he should present a program that will apply individually to him. He should know his business sufficiently well to give sound advice to his clients.

Next, the consumer is not so much interested in size, in presentation of assets, investment portfolio, company age, etc., as he is in having a well qualified agent or broker select his company and coverage. Both these men made the point that the greatest asset an insurance salesman possesses is the confidence his clients have in him.

### Getting Cost Accounting Plan

SEEMINGLY after many long years there has now been a movement started to have a scientific and logical study and survey of acquisition cost. At the annual meeting of the National Association of Casualty & Surety Agents at White Sulphur Springs, W. D. O'Gorman of Newark, its president, urged such a line of procedure, stating that a firm of accountants should be employed to explore this subject and bring in some recommendations. This undoubtedly will be done. Heretofore we have never had a cost accounting survey. The actual producer of business is entitled to a certain rate of compensation. He performs or should perform a service in connection with his work. Then the business has to be underwritten and assimilated. It should be decided what

is an accurate over-riding commission for this supervision. It is the plan of the National Association of Casualty & Surety Agents through its conference committee to endeavor to interest the companies in this work so that it will be a joint operation.

In our opinion the local agents and companies are ready for such a work of this kind. As it is now, we are more or less groping in the dark. There is a normal and reasonable cost for business. Excess commissions certainly do not solve any problem. The question comes up naturally as to graded commissions on large premium risks. These subjects should all be faithfully and comprehensively studied. Certainly the insurance commissioners would welcome such a move.

### See a New Reservoir of Business

A NUMBER of companies, especially in the casualty line, that are not writing aircraft business, are making a study of the experience in this class and are convinced that with modern methods the hazards have been greatly reduced. The one difficulty confronting that industry

is the fact that one crash is likely to involve a very heavy loss. That tends to mar the record drastically.

However, with proper reinsurance facilities and a greater spread companies that are not writing the line are convinced that they can enter it even with-

out being members of a syndicate, by starting with individual planes. The large airplane carriers that follow a regular route are very well covered insurance-wise in one of the syndicates. However, there are many individuals who own planes who do considerable flying themselves, that are prospects.

It would seem that the flying industry offers a tremendous field for the future. Companies that find the present premium sources well tapped are constantly seeking for new avenues. The airplane in its various ramifications certainly offers a constantly increasing market.

### Modernization of Coverages

INSURANCE SUPERINTENDENT PINK of New York in his talk before the insurance section of the Illinois chamber of commerce in Chicago complimented the casualty companies for the modernization of their business. The National Bureau of Casualty & Surety Underwriters in the last year or so has done a remarkable piece of work in studying

the needs of the day and gearing the machinery of companies to what the public actually desires and demands.

He said that there is always danger of business becoming too rigid and refusing to change. He believes in an elastic business system that accommodates itself at all times to the actual requirements of policyholders.

## PERSONAL SIDE OF THE BUSINESS

W. E. Silliman of Camden, Ark., has been elected president of the Arkansas Savings & Loan League. He handles the business of the First Federal Savings & Loan Association of his town in connection with his insurance agency.

Donald M. Wood, Jr., of the Chicago agency of Childs & Wood is the father of a new daughter, Charlotte, born in the Evanston, Ill., Hospital. This is the first child in the junior Wood family and the first grandchild of Donald M. Wood, Sr., of the agency firm. Donald, Sr., has just been elected chairman of the Chicago Insurance Agents Association. Donald, Jr., is author of the casualty insurance correspondence course published by THE NATIONAL UNDERWRITER.

Col. Joseph Button, former Virginia commissioner, now secretary-manager of the Stock Company Association with headquarters in Washington, celebrated his 75th birthday anniversary by attending a party given in his honor in Richmond by Mrs. E. T. Burr, daughter of Mrs. Button. Mrs. Burr made a special trip to Richmond to stage the party. Her husband is actuary of the Durham Life of Durham, N. C.

W. H. Davidson, manager of the Fire Companies Adjustment Bureau in Richmond, Va., underwent a successful appendectomy in a Richmond hospital and is now reported well on the road to recovery. He was taken ill in Atlanta while on a trip to that city.

W. P. Hill, secretary Virginia Fire & Marine, is a grandfather. A daughter was born the other day to Mrs. A. J. Walker of Slab Fork, W. Va., the former Elizabeth Palmer Hill.

Dallas S. Kelsey, president of the Detroit agency bearing his name, recently reached his 35th birthday and received the principal of a trust fund of more than \$2,000,000 left him by his father, the late John Kelsey, founder of the Kelsey-Hayes Wheel Company. It is probable that this makes Mr. Kelsey the only multimillionaire insurance agent in the Motor City.

Frederick Sebold, retired South Dakota state agent of Royal and Mrs. Sebold

bold are planning to move to San Antonio. They have been located at Sioux Falls, S. D.

C. S. Cathcart, Iowa state agent of the farm department of the Home is reported recovering at his home following a minor operation.

Miss Marjorie Mohlenhoff, secretary to W. O. Hildebrand, secretary-manager of the Michigan Association of Insurance Agents, underwent an emergency appendicitis operation at a Lansing hospital. She is reported to be convalescing satisfactorily.

Harry E. McClain, executive secretary, was forced by a "flu" attack to miss the last sessions of the annual meeting of the Indiana Association of Insurance Agents last week. He expected to return to the office late this week.

R. R. Mittelbush, Davenport, Illinois state agent Security of Davenport, is the father of a seven pound son, Richard Lee, his first child. By efficient work, Mr. Mittelbush was able to attend the convention of the Illinois Association of Insurance Agents at Rockford and get home in time for the big event.

O. D. Butcher, Topeka, Kansas state agent Hartford Fire, is a grandfather, a daughter having been born to his daughter, Mrs. Frank Bamen, whose husband is with the Massachusetts Mutual Life in Detroit.

An interesting social announcement comes from Baltimore in the engagement of Miss Elaine Tweeddale, daughter of Robert Dickson Tweeddale, president the R. D. Tweeddale Co., local agency in that city. Miss Tweeddale has done considerable work in the Tweeddale office. Her fiance is Leonard Fleming, son of Mr. and Mrs. Ernest Fleming of Newport, Dundee, Scotland. He is a graduate of St. Andrews. Due to conditions abroad no date has been set for the wedding. Miss Tweeddale is a graduate of Johns Hopkins University. As an engineer he was stationed at Paris for four years. He spent two at Madrid and other places. Miss Tweeddale has contributed some verses for publication in THE NATIONAL UNDERWRITER from

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time to time. She is a most talented young woman.

## DEATHS

### Prominent General Agent of Mountain Field Dead

DENVER—W. E. McCullough, head of the McCullough general agency, died here last week, having been confined to his home for some time with a heart attack and kidney trouble. Funeral services were held Friday afternoon. His son, Donald W. McCullough, who has



WILLIAM E. McCULLOUGH

been associated with him in the general agency, will continue along the same line.

The general agency operates in Colorado, Montana, Utah and Wyoming. The companies represented in Colorado are the Central Surety Fire, Dubuque F. & M., Gulf, Merchants Fire of New York, Mid-America Casualty, National Reserve, Potomac, Reserve Underwriters, Central Surety and Houston Fire & Casualty. Some of these companies are represented in the other three states.

#### Former Chicago Insurance Man

Mr. McCullough was a former Chicago insurance man. He was a native of Scotland, having been born at Glasgow, Jan. 31, 1877. He was married Oct. 31, 1900 and Mrs. McCullough survives. There was only one son. Mr. McCullough started in insurance in the office of R. S. Critchell & Co., Chicago, in 1897. He then went with the western department of the Niagara, serving there for seven years, becoming examiner and then transferred to the O. C. Kemp general agency that represented the Delaware, Reliance and Rochester German. He was made Wisconsin state agent for Kemp general agency, serving until 1910 when he became Wisconsin state agent for the Queen. After three years' service with that company, he was called to the western department in Chicago, being chief clerk, agency superintendent, assistant manager and then manager following the death of P. D. McGregor.

He then became manager of the Hampton Roads F. & M. of Virginia and joined the Western Insurance Bureau.

He went to Denver to establish a general agency. Mr. McCullough was a scribe of the Joys & Gloom, the social organization, and took a great interest in that organization.

#### Learned Stone Setting Trade

In his youth, Mr. McCullough learned the stone setting trade and when his apprenticeship was finished he went with the Critchell agency as office boy. It is interesting to know that he met a boy friend in the insurance business who dressed faultlessly and Mr. McCullough always desired to emulate him in ap-

pearance. He was president of the Wisconsin Fire Prevention Association and served as president of the Chicago Insurance Club. He at one time was a director of the Western Insurance Bureau, Underwriters Adjusting and Western Adjustment. He lectured on the standard fire policy before the Chicago Insurance Club. He became very much interested in uniform forms and was appointed on a committee of three to develop such forms which are now in general use.

After resigning as western manager of the Queen in 1922, for a time he went to Los Angeles and was chairman of the Los Angeles Fire Prevention Bureau. His son first became associated with him in the general agency as an adjuster and later was his chief assistant.

Among the active pallbearers was George S. Whitford, state agent of the Niagara Fire. Among the honorary pallbearers were Mayor B. F. Stapleton of Denver, President R. E. McGinnis of the Central Surety, O. M. Moore, state agent of the Firemen's group, President Richard Osenbaugh of the Denver chamber of commerce.

Carl F. Hebernstreit, 34, of the W. L. Stirling agency, Walla Walla, Wash., died at his home there. He has been a member of the executive committee of the Insurance Agents League of Washington.

Roger Kenyon, 27, with the underwriting department of the Michigan Millers Mutual Fire of Lansing, died in Jefferson hospital, Philadelphia, where he had been confined for the past month. Burial was in Lansing.

W. R. Latimer, 66, prominent in Alabama fire insurance circles for a generation died in Birmingham. Born in Atlanta, he went to Alabama as special agent for the New York Underwriters, but after 15 years with that company became state agent of the Atlas, a position he held until failing health forced his retirement in 1934.

Paul P. O'Brian, 60, president of the L. & L. Insurance Agency, Dayton, O., died from a heart attack.

Mrs. J. C. Johnston, whose late husband was for many years Pacific Coast manager of the North America prior to his retirement in 1917, died in Berkeley, Cal.

### How Surplus Line Plan Works in Arizona Told

(CONTINUED FROM PAGE 3)

broker, Duncan & Mount have given assurance that this will be arranged. Completion of the arrangement will not take place until the Arizona department and

Lloyds have concluded an agreement regarding filing of power of attorney.

The committee has been negotiating with the various California surplus line brokers in an effort to get a pledge not to write business on Arizona properties that does not clear through an Arizona surplus line agent. The Californians have also been requested not to entertain certain classes of insurance without first submitting the particular risk to the Arizona committee. These risks are: Primary or excess fire insurance, bankers' blanket bonds, exhibition or short term risks regarding fireworks displays, rodeos, air shows, conventions, tennis matches, golf tournaments, football

games, basketball games, baseball games and fiestas.

In connection with these risks there have been a number of violations, in that quotations were made lower than those of admitted companies that desire to write the business.

Other members of the committee are Ralph Cash and Richard Simis.

### Associated F. & M. in More States

Associated Fire & Marine has entered Montana and Idaho. It is now operating in California, Oregon, Washington, Idaho, Michigan and Illinois and writing participating fire policies in Washington, Idaho, Oregon and Illinois.

Almost two and a quarter centuries of successful business operations, fair dealings and excellent service to agents and assureds.



Through Peace and Wars  
Since 1720

## Royal Exchange Group

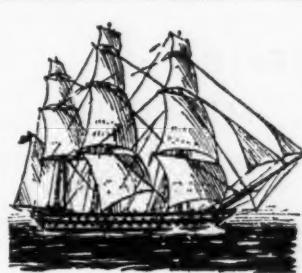
Edward W. Elwell, United States Manager

ROYAL EXCHANGE ASSURANCE  
PROVIDENT FIRE INSURANCE CO.  
THE STATE ASSURANCE COMPANY, LTD.  
CAR & GENERAL INSURANCE CORP., LTD.

III JOHN STREET, NEW YORK



Fire and Casualty Insurance Lines



1805

In 1805, the Caledonian Insurance Company came into being. The story of its growth from small beginnings in Scotland into a British Institution with world-wide ramifications is a romance as inspiring as the history of the sea itself. The Company has seen the rise and fall of many institutions but shrewd and conservative finance allied to sound and efficient management has enabled the good ship "Caledonian" to weather all storms.

## ACHIEVEMENT

The United States Branch of the Caledonian Insurance Company undertakes all classes of Fire, Motor and Marine Insurance permitted to be written by a Fire Insurance Company.



1940

## THE CALEDONIAN INSURANCE COMPANY

UNITED STATES OFFICE: HARTFORD, CONN.

ROBT. R. CLARK, UNITED STATES MANAGER

S. D. McCOMB & COMPANY, INCORPORATED

116 JOHN STREET, NEW YORK

UNITED STATES MARINE MANAGERS

# EMPLOYERS REINSURANCE CORPORATION

HOWARD FLAGG, President

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## REINSURANCE

CASUALTY • FIDELITY  
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NEW YORK • CHICAGO • LOS ANGELES • SAN FRANCISCO

# The NATIONAL UNDERWRITER

November 7, 1940

## CASUALTY AND SURETY SECTION

Page Fifteen

### Lightning Discharge Probable Cause of Va. Airline Crash

#### Civil Aeronautics Board Gives Report on Accident of Aug. 31

WASHINGTON—Disabling of both pilots by a severe lightning discharge is given as the probable cause of the Pennsylvania Central Airlines crash near Lovettsville, Va., Aug. 31, according to the civil aeronautics board's report. The crash killed 25 persons, among them Senator Lundein of Minnesota.

The plane was insured for passenger liability and workmen's compensation in the United States Aviation Underwriters. The accident ended a 16-month fatality-free record for scheduled passenger flying. Jerome Lederer, formerly chief engineer of Aero Insurance Underwriters, had charge of the board's investigation as head of the CAB safety committee.

#### Interesting Legal Point

Since there was no evidence of any negligence on the part of the pilots or the operating company the case promises to furnish an interesting guide to the liability which an insurer assumes under passenger liability coverage. In most air crashes there is some basis for plaintiffs to contend that there must have been negligence even though no direct evidence of it could be shown. In the Lovettsville crash the weather bureau information on the sudden thunder storm into which the ship flew was not available until after the plane had hit the ground.

#### Only Remaining Theory

In attributing the crash to the incapacitating of the pilots by a lightning bolt the board's report indicates that this theory is merely the only tenable one remaining after eliminating a host of other less likely conjectures. Lightning bolts have repeatedly struck airplanes without doing more than putting the radio out of commission or fusing tiny spots in the metal wing tips. The board's theory is that the lightning did not strike the ship itself but by its closeness temporarily blinded or otherwise incapacitated the pilots. Among the numerous possible causes considered and rejected was that the plane was caught in a down-draft of exceptional velocity.

#### A. E. Ford with Federal L. & C.

Anthony E. Ford, who was agency director and vice-president of United Casualty of Westfield, Mass., has been appointed general agent of Federal Life & Casualty of Detroit for Worcester county and western Massachusetts. Mr. Ford in going to Worcester returns to his home community.

### To Debate N. Y. Compulsory Bill

#### Board of Trade Plans Meeting Nov. 13 with Insurance Notables

NEW YORK—The compulsory automobile insurance bill for New York state is to be presented by the insurance section of the New York Board of Trade at a meeting in the Hotel Astor, Nov. 13. Commissioner Harrington of Massachusetts will be the main speaker. Superintendent Pink of New York will be a guest.

The great interest in this subject has brought a heavy volume of reservations. Leading brokers, agents and representatives of large independent companies and fleets have reserved places.

A compulsory insurance bill (S. Int. 2060, Print 2614) was introduced March 25 in the closing days of the legislature under the auspices of the insurance department and the motor vehicle bureau of New York state. It was stated the sole purpose was to give the public the opportunity to study the bill and be prepared when it would be reintroduced in the 1941 legislature.

This is the first time compulsory automobile insurance has been brought into a quasi-public forum in New York city where proponents and opponents will meet in the same arena.

G. A. Buckingham of the board's insurance section is receiving the reservations.

Many prominent company and organization people will be guests at the speakers' table, including: E. M. Allen, W. H. Bennett, A. M. Best, Prof. R. H. Blanchard, Frank A. Christensen, Julius A. Cohen, Hon. Joseph Collins, M. P. Cornelius, T. J. Cullen, Vincent Cullen, John Diemand, R. P. Dorland, F. N. Dull, C. W. Fairchild, A. F. Lafrentz, William Leslie, J. E. Lewis, C. E. Mealey, S. D. McComb, W. E. McKell, G. F. Neiley, William O'Gorman, J. S. Phillips, A. J. Smith, H. W. Schaefer, Arthur Snyder, M. E. Sprague, G. F. Sullivan, J. S. Thompson, Miss Hellen Wolfson and J. A. Zellers.

#### Hartford Accident Transfers

The southern department office of Hartford Accident, Atlanta has transferred E. G. Alford, special agent, from Montgomery, Ala., to Greensboro to replace F. C. Hodges. The latter was transferred to Atlanta as assistant superintendent of the bond department. T. E. Kearns, special agent, formerly located at Atlanta, was transferred to Montgomery, with office in 604 First National Bank building.

#### May Extend Pittsburgh Roster

PITTSBURGH—Proposed changes to the by-laws of the Pittsburgh Accident & Health Insurance Managers Association were tentatively adopted at a meeting Monday and will be voted upon at the next regular meeting Nov. 18. The purpose of the changes is to broaden the membership by admitting agents and claims men.

Earl E. Gangewere, American Casualty, new president, appointed his committee.

### Dishonesty Cover and Its Usefulness

#### Vice-president S. G. Drake of National Surety Makes Address at Cincinnati

CINCINNATI—The first fall educational meeting sponsored by the Cincinnati Fire Underwriters Association for agents and solicitors drew a large attendance, which heard a talk on the selling of fidelity bonds by S. G. Drake, agency vice-president National Surety; a skit on vital forms and coverages by the Stock Fire Insurance Speakers Association, and the latest Borden & Busse sales film, presented by the Buckeye Union Casualty.

#### "Fidelity" a Misnomer

Mr. Drake stated that "fidelity" is a misnomer and that his company is emphasizing the use of the words "honesty insurance" in its place. An automobile accident, or a fire, Mr. Drake said, advertises the need for those types of insurance, but the fidelity loss is rarely advertised and may be known only to members of the immediate families concerned. He exhibited a chart showing that where 90 percent of fire losses are insured, it was estimated by a competent accounting firm that less than one-tenth of the fidelity loss was recoverable.

#### Large Losses Often Sustained

Dishonesty insurance, he said, does not insure the prospect against crooks and embezzlers, but against the acts of employees. Large losses are frequently sustained, he declared, where the employee handles no money at all. Yardsticks to measure the size of the loss that is likely are blanket coverage and the turnover of the concern.

Participants in the skit were T. J. Ocasek, Underwriters Service; K. J. Hoag, Fireman's Fund, and T. A. MacLean, National Union.

The film was shown through the courtesy of G. S. Salzman, Jr., branch manager Buckeye Union, and H. L. Andrews, manager automobile department.

Guests included K. D. Dakin, Lebanon, trustee Ohio Association of Insurance Agents, and V. G. Martin, assistant superintendent of the Ohio department. President T. M. Geoghegan presided.

#### Plan Wash. Rejected Risk Pool

OLYMPIA, WASH.—Commissioner Sullivan has suggested the formation of a rejected risk pool for writing auto public liability and property damage risks in this state. The number of rejected risks has swelled steadily since the Washington financial responsibility law was enacted over a year ago. Under the proposed setup all companies licensed to write liability and property damage in the state would be required to participate in the pool in proportion to the volume of this class of business they write.

There is much sentiment for the plan among both agents and company men in Washington.

### Rating Methods on Compensation Risks in N. Y. Challenged

#### Superintendent Pink to Hear Case of Packing Company in Albany

NEW YORK—A question of pronounced concern affecting the practice of rating workmen's compensation risks, not alone in New York, but for the effect the outcome is likely to have on rating methods in other states, will be threshed out before Superintendent Pink and other representatives at Albany on Friday.

The Albany Packing Company, a prominent assured in that city, irritated by the refusal of the Compensation Insurance Rating Board to permit the cancellation at pro rata of its policy issued as of last June 24 and to permit its rewriting under the reduced rates effective July 1, appealed to the department to rectify what the assured maintained was a manifest injustice.

Some months ago the classification and rates committee of the bureau gave serious consideration to the suggestion that when rate changes were adopted they be made applicable to policies already in force as well as renewals and new issues. The proposition was rejected on the ground that any such move would complicate rating procedure and add considerably to the cost of operation.

It was argued that in all equity, if outstanding policies were to be granted rate reductions at periods of changes, they should be charged increases when rate advances were promulgated, a condition that in all probability would evoke a storm of protest. The work of payroll auditors, in figuring premiums due under differing rate charges, would be laborious and would mean an increase in operating costs by the carriers.

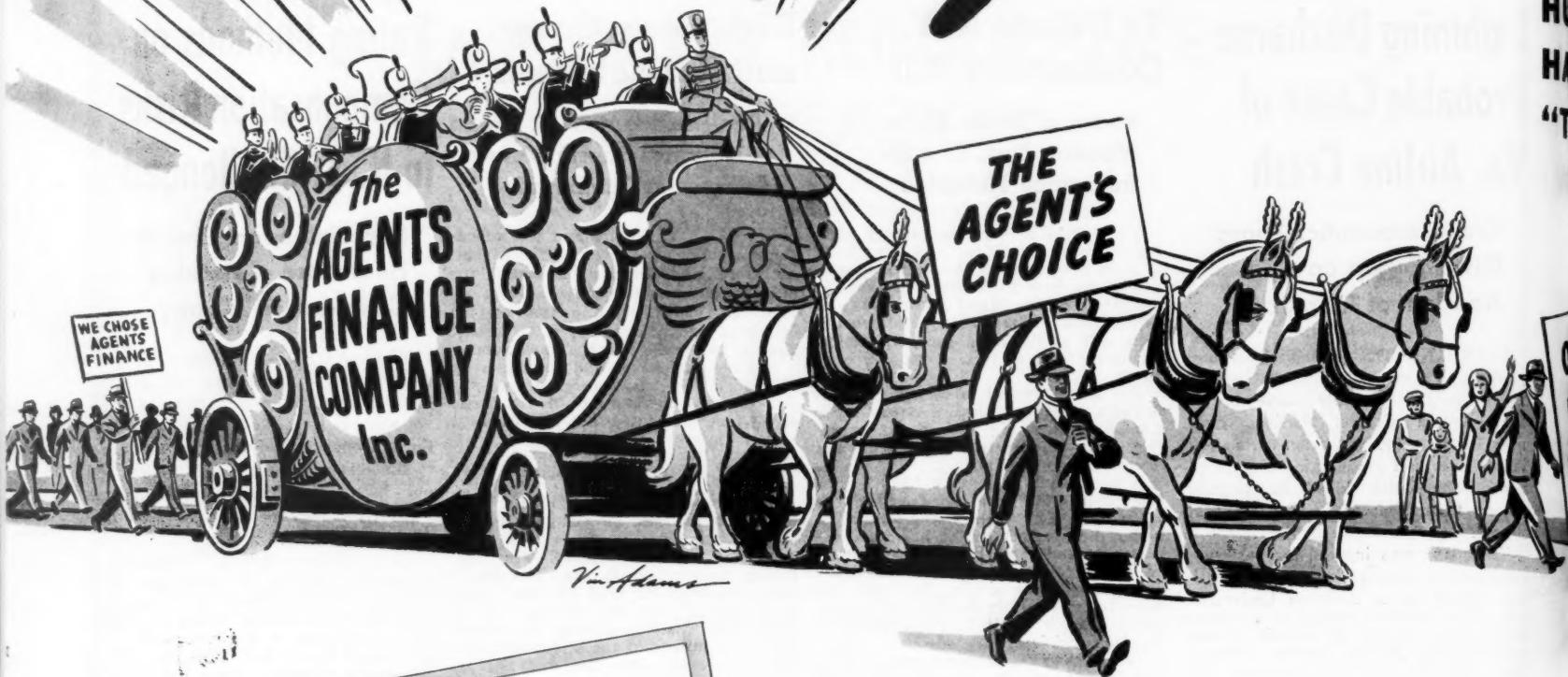
The Pennsylvania Compensation Bureau, it was pointed out, tried the plan of applying revised rates to outstanding policies as well as to new and renewal business, but abandoned it in January, 1938, after several years experience, holding it unworkable in practice. All other states except Florida now make their compensation rates applicable as to new and renewals policies effective from a given date.

Casualty underwriters stress the fact that the loss costs, on which rates are predicated, are taken after 12 months completed experience. Any change from such method, they charge, would result in confusing the record and prove unfair to many assured.

#### New Member of Executives Body

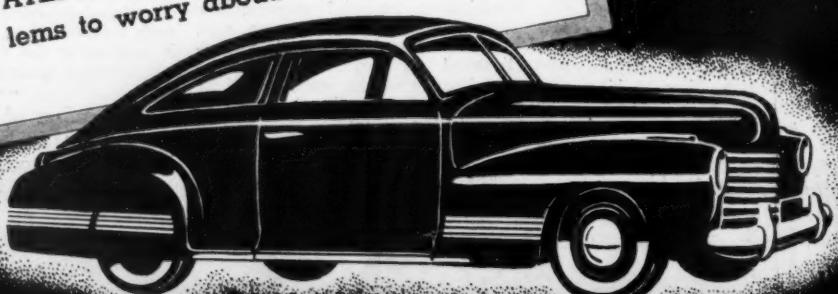
St. Paul-Mercury Indemnity has joined the Association of Casualty & Surety Executives. The membership now numbers 63 companies.

*Get on the*



**INCREASE YOUR  
PREMIUM VOLUME  
FINANCE  
AUTOMOBILES  
FOR YOUR CLIENTS**

When you finance cars for your clients, you write ALL the insurance . . . Comprehensive, Fire, Theft, Collision, Personal Injury and Property Damage Liability, Medical Reimbursement, etc., AND YOU RECEIVE A CHECK FOR THE FULL INSURANCE PREMIUM IMMEDIATELY. No collection or renewal problems to worry about.



Agents of more than 100 leading Insurance Companies use ~~choose~~ the financing that answers ALL these questions satisfactorily...

**QUESTION:** Isn't automobile financing pretty complicated?

**ANSWER:** NOT under "The Insurance Agent's Finance Plan." We've made it as simple to finance a car as it is to write a policy.

**QUESTION:** Will I get adequate assistance from "the finance company?"

**ANSWER:** ONLY Agents Finance Company gives you the qualified assistance of many full-time finance experts. We pioneered and built this plan to serve YOUR needs. We are in the Finance business EXCLUSIVELY . . . it is not a side-line to a banking or loan business.

**QUESTION:** What sales help will "the finance company" give me?

**ANSWER:** ONLY under "The Insurance Agent's Finance Plan" do you get concentrated Finance training, as provided in our 30-Minute talking picture, "I'd Like To Finance Your Next Car." ONLY Agents

*Pioneer of*  
**AGENTS FINANCE**

# the BAND WAGON

HUNDREDS OF INSURANCE AGENTS, ALREADY IN 1940,  
MAILED \$2,000,000.00 IN FINANCE DEALS THROUGH  
"THE INSURANCE AGENT'S FINANCE PLAN" . . . AND  
WROTE ALL THE INSURANCE THEMSELVES!



use ~~use~~ ~~use~~ this plan because it is the ONLY method of  
orily . . .

Company gives you a beautiful book illustrating and explaining the sales point made in this picture—for your reference and use  
we  
pects.

Q: Will "the finance company's service" be available when  
clients and I may require it?

A: ONLY Agents Finance Company is on the job 24 hours a  
days a week, to serve your clients and to give you every assistance  
WHEREVER and WHEREVER problems may arise. We are not  
by "Banking Hours."

Q: Will my finance deals be held up by lengthy negotiations,  
investigations, delay?

A: NOT under "The Insurance Agent's Finance Plan." YOU  
THE DRAFT FOR YOUR CLIENTS—YOURSELF! We simply

place at your disposal over \$1,000,000.00 for this purpose. It's yours  
to use DAY or NIGHT—whenever your clients wish.

**QUESTION:** Aren't most "finance companies" and banks, offering  
finance facilities to agents, WRITING INSURANCE THEMSELVES?

**ANSWER:** YES! And in turning your policyholders over to them, you  
expose your clients and ALL their Insurance to a COMPETITOR!

**QUESTION:** What about Agents Finance Company? Isn't it in the  
insurance business, too?

**ANSWER:** AGENTS FINANCE COMPANY WRITES **NO INSURANCE**  
. . . DOES NOT HAVE A LICENSE WITH ANY COMPANY! Your  
expirations are protected 100%. We are not competitors of yours  
IN ANY WAY!

AGENTS IN INDIANA, ILLINOIS, OHIO AND MICHIGAN—WRITE OR  
WIRE AGENTS FINANCE COMPANY TODAY, WITHOUT OBLIGATION,  
FOR FULL DETAILS ABOUT INCREASING YOUR INSURANCE  
BUSINESS THROUGH "THE INSURANCE AGENT'S FINANCE PLAN."

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**LATE FIRE NEWS****Arrange for Illinois Meeting**

At the meeting of the Peoria (Ill.) Insurance Agents Association this week, presided over by President W. P. Brown, J. E. Martin of Callender & Co. was appointed general chairman for the local arrangements committee at the 1941 annual meeting of the Illinois Association of Insurance Agents to be held at the Pere Marquette Hotel in Peoria, Nov. 6-7. W. E. Peters of the Lyle H. Gift agency was appointed hotel chairman and L. L. Hauser of Mendenhall, Iliff Brothers & Hauser was chosen reception chairman. Charles Iliff of Mendenhall, Iliff Brothers & Hauser was elected treasurer to fill the vacancy caused by resignation of Henry Whittick. It is understood that Mr. Whittick has withdrawn from the insurance business.

**Caledonian-American's Capital**

The Caledonian-American has increased its capital from \$200,000 to \$500,000 by the declaration of \$100,000 stock dividend and the sale of \$200,000 of new stock, the latter being purchased by the United States branch of the Caledonian. The change in capital structure was made necessary under the revised insurance laws of New York which require a minimum paid up capital of \$250,000 for transacting fire insurance business and \$500,000 for fire and marine.

**Another Texas Cotton Loss**

The National Cotton Compress and Warehouse at Hearne, Tex., with 5,500 bales of cotton on which the federal government had loans, were destroyed by fire a few days ago. The loss was placed at \$275,000. This is third big cotton fire in which government lint was involved in Texas in the past month.

**Action on the Merger**

NEW YORK—With the consent of the New York department \$400,000 of the free funds of the United States department of the Meiji Fire of Tokio was released to owners some days ago. The company, running mate of the Tokio, re-insured all of its outstanding liabilities in this country with the Standard of New York Sept. 30. Like action was taken at the same time by the Tokio, which however will continue to write marine risks here through Appleton & Cox of this city.

**J. Dillard Hall to Speak**

J. Dillard Hall, assistant agency director United States Fidelity & Guaranty, will address the St. Louis Association of Credit Men's forum meeting, Nov. 14. He has spoken before credit men in a number of cities. He is active in the insurance section of the National Association of Credit Men.

**Coordinator Is Appointed**

NEW YORK—Steps to assist the national defense program by enabling contractors to secure promptly performance and payment bonds on government contracts have been taken in the appointment of W. D. Dean of the Bureau of Contract Information to act as coordinator between members of the Surety Association of America and the Navy and War Departments.

Mr. Dean, general manager of the Bureau of Contract Information, which has its office in Washington, D. C., is expected to implement the placing of performance and payment bonds and to deal with extraordinary matters arising from the sudden acceleration in the defense program within the last few months.

The Pearl & Dennett Company agency of Bangor, Me., has been presented an inscribed electric clock, on the occasion of its 60th anniversary of representation of London Assurance. William F. West, present owner, received the gift through State Agent Frank E. Walls.

## F. W. Lafrentz Is Honored at Portrait Ceremony

A life-like portrait of F. W. Lafrentz, chairman of American Surety, done by Edmund Magrath, well-known portrait painter, was presented to the company by the officers and employees at a ceremony in the board room of American Surety.

W. E. McKell, vice-president of American Surety and president of New York Casualty, made the presentation speech.

Lewis H. Parry, who was an employee of American Surety at the time Mr. Lafrentz entered it 47 years ago, and who is now president of Cia Mexicana de Garantias, S. A., an American Surety affiliate, gave a reminiscent talk.

Mr. McKell called upon First Vice-president W. M. Tomlins, Jr., to say a few words and introduce Mr. Magrath. Mr. McKell then congratulated the chairman on his 47th anniversary with the company. Mr. Lafrentz spoke feelingly in response.

President A. F. Lafrentz accepted the portrait on behalf of the company. Speaking of the portrait of his father, Mr. Lafrentz said that it is a symbol to the present organization and that to those who follow, it will be an inspiration.

Among those present at the presentation were Mrs. F. W. Lafrentz and daughter, Olga; Mr. and Mrs. James Bryan and daughter, Mrs. Edward J. Oelsner, Jr., and Mrs. A. F. Lafrentz; the vice-presidents, secretary, treasurer, department heads and branch office managers in the metropolitan district.

During the afternoon, employees were excused from their duties to visit the board room and to view the portrait, which has been hung over the fireplace.

Mr. McKell recalled that a group of men 47 years ago made a search for a man of ability, courage, honesty and leadership. With some difficulty they were able to persuade Mr. Lafrentz to join American Surety. He was well located in Ogden, Utah, was engaged in business, a certified accountant and was admitted to the bar. He went with American Surety as an accountant, rose to be comptroller, vice-president, president and chairman. Mr. McKell told of the work that had been done in selecting an artist and in inducing Mr. Lafrentz to sit for the portrait. In order to give the entire organization a sense of participation, it was decided that the employees should be given the opportunity to contribute within specified limits.

**Twine Speaks in Pittsburgh**

PITTSBURGH—W. A. Twine, supervising engineer Zurich here, spoke on the importance of coordination between underwriting and engineering departments of casualty company home offices and branch offices at meeting of the Casualty Insurance Association. He said usually the engineer's report to the underwriter is "not worth the paper it is written on" because the underwriter does not indicate in advance what information he expects from the engineer's inspection. The underwriter could enable the engineer to save time by indicating the course the inspection should follow instead of having the engineer pick up all the information he can get with no particular object in view. Mr. Twine suggested the engineer consider himself a salesman, and that in making recommendations he indicate which are necessary and which merely advisable. One engineer should consistently service the same risks in order to increase cooperation and make sure recommendations are followed up, he said.

**Williams Named Superintendent**

NEWARK—S. M. Williams, Jr., special agent, was named assistant superintendent of the fidelity and surety department in the branch office of the Aetna Casualty. He has been connected with the branch for 15 years.

## Executives Dinner to Be Big Event

Reservations already received for the accident and health executives dinner of the Chicago Accident & Health Association, to be held at the LaSalle Hotel, Chicago, Nov. 13, indicate that it will be one of the largest gatherings of accident and health men ever held.

In addition to a big representation from Chicago, reservations have been received from 26 other cities in every part of the country, from Boston to San Francisco. Delegations will be in attendance from the local accident and health groups in New York, Milwaukee, Detroit, Indianapolis and St. Louis. Practically all of the officers, executive committee and committee chairmen of the National Accident & Health Association, which is holding a quarterly conference in Chicago the same day, will be in attendance, together with the members of the general committee in charge of Accident & Health Insurance Week, which also is meeting there that day.

**Tribute to Thomas Hook**

There will be a program at the conclusion of the dinner, paying tribute to Thomas Hook of the Standard Accident, in whose honor the dinner is being given. Donald E. Compton, Provident Life & Accident, president of the Chicago association, will preside and introduce Lawrence K. Farrell, Metropolitan Life, who will act as toastmaster. Toasts to Mr. Hook will be given by John F. Lydon, Ocean Accident, New York, representing the Bureau of Personal Accident & Health Underwriters; Paul Clement, Minnesota Commercial Men's, Minneapolis, president Health & Accident Underwriters Conference; E. H. Ferguson, Great Northern Life, Chicago, president National Accident & Health Association, and C. M. Cartwright, THE NATIONAL UNDERWRITER, speaking for the insurance press. Ernest W. Owen of Detroit, an old-time friend of Mr. Hook, will close the program with a brief message.

At the National association conference accomplishments of the year so far will be reviewed and plans and projects for the remainder of the year will be discussed, with special reference to getting the entire membership of the association actively behind the plans for the mid-year meeting in Indianapolis next January. Tentative arrangements for the annual meeting in Los Angeles in June, 1941, also will probably come up for consideration. The executive committee will pass on the application of the New York Accident & Health Club for membership in the National association.

**Two Address Detroit Adjusters**

Bruce Griffin of the legal department of Michigan Mutual Liability and Stewart Hill, attorney, spoke before the October meeting of the Detroit Adjusters Association. Mr. Griffin read a paper on "Physical Facts as Evidence." Mr. Hill had as his subject, "Subrogation of Collision Compensation Claims."

**Discuss Comprehensive Policy**

KANSAS CITY—At the Casualty & Surety Underwriters Association meeting here Nov. 29, F. A. Brinkham, manager National Surety, and George Kerdolff of Mann, Barnum, Kerdolff & Welsh will lead a discussion of the comprehensive dishonesty, disability and destruction policy.

**Boiler Inspection Required**

CHATTANOOGA, TENN.—The city council has passed an ordinance requiring annual inspection of all boilers and pressure vessels in use in the city, excepting "boilers installed in residences designed for the occupancy exclusively of not more than three families." The city will accept a certificate of inspection issued by the inspector of an insurance company and the \$2 annual fee will not be imposed.

## Newcomers Nibble At Aviation Market

### Several Casualty Carriers Already Reported Taking Risks on Independent Basis

NEW YORK—Possibilities of aviation insurance opened up by the national defense program and the Civil Aeronautics Board's civilian pilot training program are apparently appealing to the imaginations of casualty companies and it would not be surprising to see some newcomers in this field. Several companies outside of those which have definitely committed themselves to taking aviation business have already written cases. For example, the Zurich and the Pacific Indemnity have each taken at least one case, as has the Lumbermen's Mutual.

Employers Liability recently announced its entry into the aviation underwriting field on an independent basis. Virtually all other aircraft insurance is placed through one of the three aviation underwriting groups—Aero, Associated, and U. S. Aviation Underwriters.

**Experience Satisfactory**

Aviation coverage written by fire and marine companies has shown a good experience according to the annual statement figures. Unlike the fire blank, the casualty statement does not segregate aircraft liability premiums from other liability but it is understood that liability and casualty experience has also been satisfactory.

Among the more important casualty carriers which have not definitely gone into aviation underwriting, either independently or on a group basis are Continental Casualty, General Accident, Massachusetts Bonding, New York Casualty, Ocean Accident, Pacific Indemnity, Standard Accident, Zurich and Lumbermen's Mutual.

**Cancer Compensable in N. J.**

NEWARK—Death from cancer is compensable in New Jersey when the disease has been accelerated by an accident in the course of employment, the workmen's compensation bureau of New Jersey holds in awarding \$6,500 to the widow of Frank Boehm, former sexton of a Newark church.

Physicians for the deceased testified that an accident caused tearing of the cancerous tissue, which aggravated the disease and hastened death. Physicians for insurance companies denied that any single injury could have aggravated the growth, but the compensation bureau set aside their opinion and made the award.

**Associated Has New Auto Forms**

Associated Indemnity and Associated Fire & Marine have issued new automobile policies similar to the standard forms, but broader in some respects. The loss of use section provides that coverage shall terminate when the whereabouts of the automobile becomes known to the assured, instead of to the assured or the company. Territorial limits include all of North America and any United States possession, instead of the United States and Canada. An optional section for cumulative collision in states where this is permitted is included.

**Oklahoma Reduction on Dam Work**

OKLAHOMA CITY—The Oklahoma insurance board has granted a reduction in workmen's compensation and employers liability insurance rates from \$8.14 to \$5.77 per hundred, on the classification covering excavation work in connection with construction of earthen dams. The filing was made by the National Council on Compensation Insurance. The council had asked for a reduction of rates on concrete work in connection with the construction of earthen dams. This proposal was denied by the Oklahoma board.

## ACCIDENT AND HEALTH

### National Mid-year Plans Reviewed

INDIANAPOLIS—E. H. Ferguson, Great Northern Life, Chicago, president National Accident & Health Association, presided at a breakfast given in his honor by members of the Indianapolis committee in charge of the mid-year meeting of the National association in Indianapolis, Jan. 28-30.

John McGurk, Mutual Benefit Health & Accident, chairman of the mid-year meeting committee, revealed the preparations to date for the mid-winter gathering. Much of the discussion centered around the selection of speakers and subjects for the various sessions, and comments on the enthusiastic response by association members over the country to the questionnaire recently sent to all association members by Mansur Oakes, chairman of the program committee.

J. M. Drake, Empire Life & Accident, chairman of the committee on special guests, and H. D. Davis, Illinois Bankers Life, chairman of the committee on attendance, reported a good response to their efforts. Many companies are planning to hold regional agency meetings in conjunction with the mid-winter meeting, with the thought that the program will help the agents in an unusual way and that a large number of agents present at one time will impress everyone with the bigness of the accident and health insurance business. The morning of Jan. 29 has been set aside for companies to hold individual agency meetings. Rooms with capacities from 10 to 100 persons will be available, so that each group will have privacy for discussing personal problems.

At noon of that day these groups and all others will meet for a mass luncheon

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and sales congress that will continue until 4 p.m. At 6 o'clock the group will assemble again for a civic banquet sponsored by the Indianapolis Accident & Health Association in conjunction with the Indianapolis chamber of commerce, with a speaker of national prominence. C. Norman Green, Hoosier Casualty, chairman of the entertainment committee and a leading spirit in the Indianapolis Civic Theater, will direct a play to be given as a curtain-raiser for the banquet.

#### Pittsburgh Surgical Care Plan

A surgical benefit plan in connection with hospital care insurance is announced by the Hospital Service Association of Pittsburgh. This benefit will be provided by the Medical Service Association of Pennsylvania, but will be sold by the Hospital Service Association.

Rates for the surgical benefit are 35 cents, \$1.05 and \$1.75 per month for individuals, couples and families, respectively. Obstetrical service is available under the family plan only. The surgeon's bill is to be paid directly by the Medical Service Association. Persons who have surgical coverage will be eligible for benefits when away from home, regardless of place or distance.

#### Revives Bicycle Policy

Some time ago the Hoosier Casualty decided to discontinue its bicycle accident policy. However, in view of many requests from agents, the company has decided to revive this form in all states. It is intended to be used as a springboard or lever to write full coverage policies.

#### Agency Quiz Program in Chicago

"Full-time Health & Accident Men—Living Examples" will be the theme for the November meeting of the Chicago Accident & Health Association next Tuesday at the Morrison Hotel. C. Truman Redfield, manager Mutual Benefit Health & Accident, will have entire charge of the program, which will take the form of an agency quiz presented by Mr. Redfield and members of his agency. Following their presentation,

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questions and comments from those in attendance will be invited.

The committee in charge of arrangements for the Chicago association's Christmas party has been appointed: S. S. Rockwell, Hartford Accident, chairman; C. J. Pohl, U. S. F. & G.; C. S. Revenaugh, Maryland Casualty; Carl E. Silldorf, New Amsterdam Casualty, and Harold L. Bredberg, National Service & Appraisal. The time and place will be announced shortly.

#### Interest in Proposed Cal. Bill

SAN FRANCISCO—Companies writing accident and health insurance are interested in the proposed bill in California providing for the establishment of voluntary hospital and health associations to be operated by doctors or by associations of doctors for "other persons." This is one of a number of proposed measures that is being discussed by representatives of the California department with various insurance interests. Associations might be formed to provide all medical and surgical services, including hospitalization and nursing. These associations would be compelled to maintain a "stability reserve of 50 percent of the premiums received for the preceding month as well as an amount equal to 100 percent of all unearned or advance premiums." Such associations would also be required to provide a bond or deposit of securities.

#### Hold Southern Division Rally

The Washington National held a southern division convention in Biloxi, Miss., with about 50 present. Curtis P. Kendall, vice-president; M. W. Caskey, assistant secretary, and H. E. Hayward, agency supervisor, attended.

#### Wisconsin National's A. & H. Gains

The accident and health department of the Wisconsin National Life had the biggest month in its history in October, with an increase of 44.1 percent in new business and 20.9 percent in pre-

mium collections over October, 1939. The volume of collections and of new business substantially exceeded that of any one month in the existence of the accident and health department.

Premium collections for the first ten months in 1940 increased 13.9 percent over the same period in 1939, and new business 20.3 percent.

#### Mass. Bonding Draftee Plans

Rules announced by the Massachusetts Bonding in regard to coverage of drafted accident and health policyholders conform substantially to the recommendations of the Bureau of Personal Accident & Health Underwriters. While the company will not consider new applications from persons already in the service or who have been actually called for service, it says its announcement is not to be construed as discouraging the solicitation of those who from the standpoint of age are eligible for military or naval service.

#### Thomas Agency Again Leader

The W. L. Thomas agency of the Massachusetts Bonding in Los Angeles again led all the agencies of the company in accident and health production in October, for the eighth month this year.

#### Jordan Boston Claim Speaker

BOSTON—The Boston Life & Accident Claim Association heard an address on claim aspects of personal accident and health insurance by R. G. Jordan, manager claims department Hartford Accident. The insuring clause, medical reimbursement forms and claim problems were discussed.

Joseph Zabler, with North American Life & Casualty since 1934, has been named district manager at Manitowoc, Wis. He has been a member of its App-a-Week Club since he began work in Manitowoc six years ago.

## COMPANIES

### Standard Accident Proposes Big Refinancing Plan

Stockholders of Standard Accident at a meeting Nov. 22 will act upon proposals for a comprehensive plan of refinancing. The directors propose to issue new common stock for a consideration of about \$6,000,000. The proceeds would be used to retire all of the outstanding preferred stock and add to surplus.

Issuance of the new stock is subject to approval of stockholders and registration with the Securities & Exchange Commission. According to the plan, the issue would be underwritten by a nationwide group of investment bankers under the leadership of the First Boston Corporation.

President Charles C. Bowen points out that if the program is approved it will be the first time Standard Accident has offered its common stock to the public in more than 40 years. The common would be offered at a price somewhere between \$52 and \$57 a share.

#### Would Pay Dividends

Mr. Bowen states that the management contemplates payment of dividends on the common stock, assuming the continuance of the present rate of earnings available for such purpose. Dividends have not been paid on the common since 1931 although regular dividends have been paid on the preferred, now proposed to be retired, since its issuance in 1933.

The directors are urging the present common stockholders to waive their preemptive rights in order to permit completion of the financing. At present capital of Standard Accident amounts to

\$1,380,640. This consists of 77,396 shares of preferred of \$10 par value and 60,668 share of common of \$10 par value.

Assets as at Dec. 31, 1939, amounted to \$23,450,477, claim reserve \$9,918,406, premium reserve \$6,252,539, net surplus \$2,675,688 and special reserve \$1,250,000.

#### Surpluses Are Increased

NEW YORK—Following completion of the examination of the Merchants' Indemnity of this city and the Zurich by the New York department, the former company was credited with an increase of \$6,467 and the Zurich with an advance of \$2,244,390 in their respective net surplus accounts as of Dec. 31, beyond that claimed by the companies in their statements.

The Anchor Casualty of St. Paul has entered Oklahoma.

## CHANGES

#### Jay J. Reynolds Resigns

Jay J. Reynolds has resigned as manager of the bond department in the western office of Century Indemnity in Chicago. He is well known in the surety business.

#### Zurich Has Maine Claim Office

The Zurich has opened a claims service office at Auburn, Me., for the handling of Maine's business. H. E. Smith, with the Zurich for some years, will be superintendent in charge.

#### Mid-western Office in St. Louis

The Allstate is establishing a mid-western district office in the Arcade building, St. Louis. W. Frank Smith, district manager, and James E. Mitchell, local claims manager, will have offices in the new headquarters, which will have jurisdiction over Missouri, southern Illi-



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nois, Kentucky, western Tennessee, Arkansas and Kansas.

#### Mitchell Named Special Agent

J. J. Mitchell has been appointed special agent of the Magill Agency, Chicago, by Manager L. L. Andres. Mr. Mitchell will develop Cook county business and also assist in the office. He was with Autoist Mutual, now the Casualty Mutual of Chicago, for eight years, doing office work and underwriting.

Mr. Mitchell for 2½ years was in the engineering department of the U. S. Gypsum Company in Chicago. Prior to that he studied architectural engineering in the evening course of Armour Tech. For eight months he was a safety engineer with the Casualty Mutual, working on workmen's compensation and occupational disease risks.

#### Travelers Makes Field Changes

W. M. McSweeney, assistant manager of indemnity lines of Travelers in the Insurance Exchange branch, Chicago, has had his title changed to assistant casualty manager. T. C. Ingersoll, field assistant casualty lines, Worcester, Mass., was transferred to Hartford to replace G. V. Fernandez, who was transferred to Philadelphia as field assistant.

## PERSONALS

Joshua K. Bolles, Jr., of Hartford is author of a very readable book entitled "Father Was an Editor." This elicited a letter from Vice-president Spencer Welton of the Massachusetts Bonding, who informs Mr. Bolles that he was living in New Milford, Conn., when the son was born. In fact, he resided in the father's house, the father being Joshua K. Bolles. Mr. Welton fondly acknowledges that he was the "devil" on the New Milford "Gazette," of which the elder Bolles was editor, from 1896 to 1899. The book brought many fragrant memories to Mr. Welton and among them were those of Mr. Bolles' grand-

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mother, with whom Mr. Welton had many conversations. Mr. Welton states that the good roads crusade was at its height in that period and the older Bolles' determined stand greatly impressed Mr. Welton.

L. H. Robb, chief adjuster of the American Automobile in Detroit and past president of the Detroit Adjusters Association, has been elected a director of the Detroit Yacht Club.

V. H. Bartholomew of Chicago, resident vice-president Standard Accident, will leave in a few days for McMillan, Mich., near the Canadian border, where he will engage in deer hunting.

George Weidner, who had been a member of the reinsurance department of Fidelity & Casualty at the home office since 1902, died in a hospital after being stricken while on his way to work. He resided at Maspeth, L. I.

## SURETY

#### Defaulter, Auditor Must Pay

BAY CITY, MICH.—Federal Judge Tuttle has ordered payment of \$20,533 to two bonding companies by D. G. Conklin, former city treasurer of Flint, who was convicted of embezzling municipal funds in 1936. The court also ordered Jonathan Cook, Chicago, who audited Conklin's books shortly before discovery of the shortage, to pay the sureties \$16,657. Judge Tuttle commented, in announcing his decision, that Conklin undoubtedly had embezzled a larger sum than could be proved and he held Cook liable for failure to discover the peculation.

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States Fidelity & Guaranty, which bonded Conklin, paid the city \$12,969 and \$3,791, respectively. Conklin is ordered by the decree to pay the Maryland Casualty \$16,742 and the U. S. F. & G. \$3,348.

#### Minnesota Public Official Bonds

MINNEAPOLIS—Surety agents of this city are decidedly exercised over the competition to which they are subjected on public official bond business and at a meeting of their organization adopted a resolution, sending a copy to their companies for attention. The agents note particularly the study being given bonding rates by the state association of school superintendents and the state school board association, which bodies maintain that from data secured, rates charged for bonding school officials in Minnesota are higher than those demanded for those in like position in several other states, though they maintain there is no warrant in the respective loss ratios for such condition.

#### Death Doesn't End Liability

LINCOLN, NEB.—Attorney-general Johnson holds that where a personal surety on a county treasurer's bond dies, the county attorney should file a contingent claim against the estate, as a contingent liability exists. It is not necessary to audit the books to ascertain if actual liability exists. Liability of a surety on a bond continues for the term, regardless of the death of the surety during the term.

#### Will Write Bonds in California

LOS ANGELES—Don Kyler, Pacific Coast manager of the Commercial Standard, has announced that the company will begin writing bond business in California about Jan. 1. It writes this line in other states but so far has not taken it up in California. President J. R. Plummer, who has been making a coast trip, is in Los Angeles and ratified the arrangements.

#### Big Shipbuilding Bonds

LOS ANGELES—Pacific Indemnity has executed two bonds of \$2,500,000 each for performance and payment on the \$86,000,000 contract awarded the Consolidated Steel Co. of Los Angeles for the construction at a new shipyard in Texas of 12 ships for the Maritime Commission. Most of the other companies represented here are participating in the line.

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# POINTERS FOR LOCAL AGENTS

## Merchandising Teacher Gives Insurance Points

In his talk before the California Association of Insurance Agents at Los Angeles, T. H. Ross, director of the school of merchandising of the University of Southern California, said that selling of insurance presents some of the most difficult problems in the field of marketing. Careful study has been given to the sale of life insurance and considerable advance has been made in the last 25 years in its distribution. The selling of property and liability insurance, he said, has not been so carefully studied. He attributes this to the fact that many people have had the impression that the same technique should be used in merchandising these coverages as life insurance. Furthermore, the sale of property insurance has been considered a sideline of the real estate business or some other sort of enterprise, more or less closely related to the property being insured or the hazard being protected against.

### Life Insurance is Different

Consumers, he said, have felt that property and casualty insurance were overhead costs necessary to be incurred and for the most part unexplainable in terms of real value. Mr. Ross said he shares this opinion. He has many different kinds of insurance, but, he said, he had never had a loss and it was not

strange that he should think of the insurance that he is carrying as being all outgo and no income. Life insurance, however, is different. Although he has not collected anything on his life insurance premiums, he is being continually reminded that his credit is boosted, that he has built a certain borrowing power. He is congratulated because he so well provided for his family. The life companies are always telling a man how valuable he is, not to them, but to himself. Although he has never got anything so far for his money that he has put into life insurance Mr. Ross has been sold to such an extent and is continuing to be sold on life insurance, that he never thinks of the premiums paid nor does he evaluate the investment characteristic of the average life policy in terms of dollars and cents. He does not try to compare it with other investments which he has made.

### People Do Not Scare Easily

Mr. Ross said that he had had solicitors endeavor to sell him fire insurance, basing their sale largely on the assets of the company represented, its age, directors, etc. The inference was that in a case of a conflagration Los Angeles might be wiped out and therefore the purchaser needed ample protection. The

insinuation was, Mr. Ross said, that the other companies would not give him ample protection and therefore he should pay a higher rate. He said that that sort of salesmanship doesn't appeal to him, and "we who have done a great deal of research in selling know that it doesn't appeal much to the average man, who usually doesn't scare easily and who usually doesn't have a great deal of imagination when it comes to buying something which, in his opinion, never will be delivered."

He intimated that sometimes the second grade companies did a far better piece of selling than agents of the bigger companies. Mr. Ross said that it is his inclination to give his business to the man who does not try to throw him into much of a panic. Furthermore, Mr. Ross said, "If I were merchandising insurance I would devote a lot of time and study to the matter of finding out just what the customer pays for and just what he gets for his money."

### Not Acquainted with Companies

Mr. Ross made the point that very few men know in what companies they are insured so far as fire, automobile and casualty insurance is concerned. He said, "I wish the companies would take enough interest in their business to examine every one of their agents to determine their express qualifications to sell insurance. I hope that they are more economical operators per dollar of premium, that they give more efficient service per dollar of premium and offer greater stability, or I had better go to a

non-board company where I will get what I pay for."

Mr. Ross said it has been a good merchandising policy for life companies to develop an abiding consumer consciousness. Other types of insurance have not been promoted thus nearly so well, he said. He called attention to the fact that there is considerable sentimental and emotional appeal which may be attached to life insurance but little of this type has been attached to property and casualty insurance. People still have reservations that they are going to be involved in a serious automobile accident and many, he said, do not have enough money to be worth suing in case of heavy liability anyway. He said he has a feeling that insurance companies have frightened about all the people in the market which they can into buying insurance and that good merchandising in this business must be developed outside of the emotional and sentimental appeal.

If carrying insurance is good business, he asked, why not show that it is? He believes there are many people who would buy more insurance if it could be logically proven to them that they need more. He said a great many people are not buying insurance because of attempted, far-fetched emotional or sentimental appeal.

Another difficulty in the property insurance field, he pointed out, is that almost any kind of coverage apparently can be secured for any price one wants to pay. He said there are always arguments

(CONTINUED ON PAGE 30)

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# INSURANCE NEWS BY SECTIONS

## MIDDLE WESTERN STATES

### Detroit Plans for 1941; All-Risk Form Advantages Told

DETROIT—Plans for advising the public of the advantages of the newer policy forms such as the all-risk policy and activities of the Detroit Association of Insurance Agents for 1941 were discussed at a meeting with President D. T. Marantette, Detroit Insurance Agency, presiding. The association closed its fiscal year in the strongest financial position in its 22-year history, E. S. Karrer, treasurer, reported.

Speaking of the all-risk policy, Secretary-Manager Elmer Salzman pointed out that it combines several risks and several rates into one form and enables the agent to offer a wider coverage for the same money and with less detail for both agent and assured. "The distinction between injury to persons and injury to property is on the way toward being abolished," he said. "The policy of the future will treat these matters as all being a part of the same thing—the accident that happened. This will be important to the agent because it will simplify his policies and will enable him to quote comprehensive coverage of his risks readily. To the buyer of insurance, the all-risk policy means that he will not have to worry so much about the exact provisions of a number of policies covering a variety of risks and perhaps expiring at different times."

Financial and budgetary recommendations for the year were concluded by the newly appointed finance committee, at a special session. They will be submitted to the directors at a meeting on Nov. 12.

### Indiana Men Would Continue Western Councillor Group

INDIANAPOLIS—At the annual meeting here of the Indiana Association of Insurance Agents, the continuation of the mid-western group of national councillors, in which Indiana is included and of which George W. Carter, Detroit, is chairman, was favored by unanimous vote. Atwood Jenkins, Richmond, for a number of years Indiana councillor, said there has been some question as to the advisability of continuing the national councillor group and he wanted an expression from the Indiana association on this subject.

Considerable interest has been manifested in the resolution, favoring civil service for the insurance department. The sentiment is strongly in favor of such a measure but those of Republican persuasion would want to see provision made for representation of that party included in the department staff when the change is effective, if ever. As the Democratic party has been in power for several administrations the present staff is Democratic. In the opinion of those who have dealings with the department, the present staff is efficient and giving good service to companies and the public.

After the resolutions as submitted by the resolutions committee were adopted, Mr. Jenkins offered a resolution that something be done, if possible, to make it possible to give an insured with coinsurance on his policies an advance acceptance of appraised value of the property, to make certain that the requirements of the coinsurance clause have been complied with and that he will not be penalized after a loss for having less than required insurance as shown by a later estimate of values.

This proposal was discussed at length and a motion finally was carried asking Mr. Jenkins to go into the subject more thoroughly and report at the mid-year meeting, which he agreed to do.

In addition to the officers listed last week, J. W. Larrew, Valparaiso, was elected first vice-president and Howard Bradshaw, Delphi, second vice-president.

The secretary-treasurer, national councillor and executive secretary are appointive offices and will be named by the directors. Until their successors are appointed, the present incumbents of these three offices are, respectively, George W. Mahoney, Indianapolis; Atwood L. Jenkins, Richmond, and Harry E. McClain, Shelbyville.

The final registration at the Indiana meeting was 814. The highest registration in previous years is understood to have been 351.

A good "Scotch" practice of the Indiana Association is to ask those in attendance to turn in their registration badges to be used again next year.

Approximately 70 door prizes were awarded at the various sessions.

There were 395 members who had been assigned places on committees in charge of the convention and practically all of them reported for duty and took some part in making the convention a success. "We believe in giving everybody jobs," said Harry McClain.

### David A. Forbes Honored at Grand Rapids Luncheon

GRAND RAPIDS, MICH.—David A. Forbes, president Michigan Association of Insurance Agents, was honored at a luncheon session arranged by his fellow members of the Grand Rapids association, headed by A. B. Millard, president.

Speakers included Commissioner Emery, W. O. Hildebrand, Lansing, secretary-manager of the Michigan association, and Leon McVoy, chairman of the educational committee of the Grand Rapids board. Mr. Forbes expressed his gratification at the tributes and stressed the value of state and national organization activities.

Commissioner Emery, in addition to congratulating Mr. Forbes on attainment of the state association's highest office, complimented the association's educational activities and the Grand Rapids board's good work along safety and educational lines. He formerly was a Grand Rapids agent.

Mr. Hildebrand praised Mr. Forbes' work and also that of J. M. Crosby, Jr., former local board and state association president, who recently headed the National association's membership committee and served on its executive committee; H. D. Wilson, now representing Grand Rapids on the state association executive committee, and Mr. Millard for his aggressive administration of the Grand Rapids association. He acclaimed Mr. Millard as the "only third termer" he could heartily endorse. Mr. Millard, because of the fine safety program he directed in Grand Rapids has been named as head of the accident prevention committee of the National association.

### Wisconsin Mutuals Conduct School Session in Milwaukee

MILWAUKEE—With an attendance of about 300, a convention and school of the Wisconsin State Association of Mutual Insurance Companies was held here. The annual meeting will be held here Dec. 11. L. W. Schlieder, Sheboygan Falls Mutual, association president, discussed briefly the progress of mutual

insurance in Wisconsin as well as nationally, and reported on the prospects and growth of the organization.

Speaking on "Mutual Insurance; Past, Present and Future," D. R. Kenney, insurance editor "United States Investor," Boston, said competition between stock and mutual companies is very likely to take a new meaning in the next decade.

Other speakers were J. M. Eaton, American Mutual Alliance, Chicago, on "Springboard to Success," and H. G. Hoffman, Milwaukee advertising agency executive, "The Power of Selling." The banquet speaker was Mayor Zeidler of Milwaukee.

Dr. Preston Bradley, pastor of the People's Church, Chicago, spoke on "What We Are Facing," on the second day. Insurance speakers included Donald Tripp, manager Mutual Reinsurance Bureau, Belvidere, Ill., "Opportunities of Mutual Insurance;" Harry Kamper, executive vice-president Badger Mutual Fire, Milwaukee, "Underwriting the Risk;" W. H. Rodda, Federation of Mutual Fire Insurance Companies, Washington, "Fire Hazards in Action," and Clarence Tess, special agent Manitowoc Mutual Fire, Manitowoc, Wis., "Service of the Field Man to the Agent."

August Fuge, West Bend Mutual, past president of the association, and Robert Jacobs, Citizens Mutual Fire, Janesville, Wis., conducted a round table feature that afternoon. The Wisconsin Federation of Mutual Insurance Agents held a brief business meeting.

### Bessemer Agent Is Charged with Fraudulent Activities

BESSEMER, MICH.—Fraud charges have been preferred here against A. J. Gedda, justice of the peace and local agent whose licenses were revoked by the Michigan department. Gedda is accused of having collected premiums on faked policies and renewal forms and of collecting and retaining premiums on policies which were never issued.

Miss Alida Dupont, representing the National Auto Owners Inter-Insurance of Gladstone, signed a formal complaint charging Gedda with obtaining \$1,500 fraudulently, listing 16 persons alleged to have been defrauded.

Gedda is accused of having 50 policy forms printed at Ironwood and issued through his agency, collecting and retaining the full amount of the premiums. He is also charged with having had renewal certificates printed, bearing no company name but the agency designation which were issued when policies expired.

Fred J. Guck, Marquette, special agent Twin City Fire, investigated Gedda's activities and found a fire contract involving a \$470 premium which was issued on a Twin City policy form in November, 1935, to expire this month. This policy form, Mr. Guck said, was one of several missing policies reported when that company withdrew from Gedda's agency 12 years ago, taking an affidavit at the time regarding the lost policies.

Ray Desautels investigated the case for the insurance department. Gedda has demanded an examination and is free under \$2,000 personal bond. Hearing has been set for Nov. 22.

### Minnesota Officers Confer

MINNEAPOLIS—An all-day meeting of officers, district chairmen and committee chairmen of the Minnesota Association of Insurance Agents is being held here Nov. 7. Officers of local boards throughout the state also have been invited to attend.

At this meeting the objectives of the association for the year will be set up and steps taken to carry out the program. Immediately following this meeting there will be a session of the exec-

### Joins Jones & Sons



LYLE STEPHENSON

KANSAS CITY—Lyle Stephenson, nationally famous insurance agent whose "Levit 2 Lyle" advertisements have intrigued Kansas City people for 30 years, has joined R. B. Jones & Son as a general vice-president. Henry Kirchhoff, associated with the Stephenson agency, goes with the Jones agency also as a general vice-president. Mr. Stephenson takes with him the Continental Casualty and the Liverpool & London & Globe, for which he was general agent for many years.

He will continue his unusual and personalized type of advertising and contact from the Jones agency.

utive committee, at which preliminary plans for the mid-year meeting may be discussed.

At a meeting of the rural agents committee it was decided to urge the companies to modernize farm policies so that stock company agents can get more of this business.

### Cleveland Classes Under Way

CLEVELAND—The full schedule of insurance courses to be given this year under sponsorship of the department of education of the Insurance Board of Cleveland is now under way. The casualty and surety courses meet at 5:30 p.m. and fire and inland marine at 6:30 p.m. Monday evenings, at the Insurance Board rooms.

O. F. Gibbs, state agent Atlas, is instructor of the fire course; W. B. McPherson, New Amsterdam Casualty, casualty; Gerald DeMarinis, Fidelity & Casualty, surety, and H. H. Howarth, Lenihan & Co., inland marine.

### Await Illinois Decision

At the annual meeting of the Illinois Association of Insurance Agents in Rockford it was voted to allow the executive officers to choose an executive vice-president inasmuch as Dudley F. Giberson of Alton who had held that position declined to serve longer. The officials have been conferring and ex-

pected to have an announcement this week. It is now thought that they will be able to reach some decision by next week. There is a good deal of sentiment in favor of selecting a Chicagoan.

#### Public Speaking Course Started

CLEVELAND—The first class in a public speaking course sponsored by the Insurance Board of Cleveland was held Wednesday. G. C. H. Hantelman, who handled the classes last year, is again in charge. Through such instruction the board is bolstering its speakers bureau.

#### To Survey Election Results

ST. PAUL—The executive and legislative committees of the Insurance Federation of Minnesota will meet here Nov. 8 to survey the results of the state election. Indications are that both houses of the legislature will be safely conservative. Eighteen insurance men were candidates for legislative seats.

#### Elwell Cincinnati Speaker

CINCINNATI—E. W. Elwell, U. S. manager Royal Exchange, will speak on "Insurance Kaleidoscope" at the monthly meeting of the Cincinnati Fire Underwriters Association, Nov. 14 at 2 p. m., 1504 Carew Tower.

#### Joint Meeting at Rochester

There is to be a joint meeting of the Southeastern Minnesota Agents Regional Association and the Southern Minnesota Agents Regional Association at Rochester Nov. 19. This will be an open house meeting, commencing at 5 p. m.

#### NEWS BRIEFS

R. C. Steinmetz, chief special investigator Mill Mutual Fire Prevention Bureau, Chicago, addressed a joint meeting of the Mutual Field Club of Ohio and the Mutual Insurance Club of Columbus, Monday.

A. C. Guy Columbus manager Western Adjustment, will address the Ohio Society of Certified Public Accountants Nov. 12 on "Property Insurance Values."

R. M. C. Ormrod, president Ormrod & Co., St. Louis, has been appointed chairman of the St. Louis division of the British-American Ambulance Corps and has formed a committee there to seek donors of ambulances to Great Britain.

G. H. Reid has been appointed manager of the S. C. Hadley agency's branch office in Dearborn, Mich., and will continue to manage the branch on West McNichols Road in Detroit as well. He has been with the agency since 1932.

Leonard Long, rate supervisor of the Minnesota department this week was expected to leave the hospital at Stillwater, Minn., where he has been seriously ill.

R. W. Forshay of Anita, Ia., vice-president of National Association of Insurance Agents, will address Des Moines Women's Insurance Association

Nov. 18. It will be "bosses night." The association will hold a dinner Nov. 7.

Don C. Souder has been named manager of the insurance department of the Palmer-Blair Agency, Toledo, O. Mr. Souder formerly operated his own agency and before that was for 13 years insurance manager of the France Stone Co.

Fraudulent investment schemes were described to the Twin City Mutual Insurance Club by R. L. Smith, Jr., Minnesota securities commissioner.

The Hutchinson (Kan.) Women's Insurance Association has been organized. Some 20 girls met at a luncheon and Dorothy J. Reeder of J. N. Bailey & Son was elected president; Virginia Uruh, McNaughton Investment Company, first vice-president; June Bain, W. S. Thompson-Kline agency, second vice-president; Dorothy Patton, Wade Patton & Co., secretary, and Doris Towrey, Long-Coffin agency, treasurer.

The annual meeting of the Minnesota Association of Farmers Mutual Insurance Companies will be held at the Ryan hotel, St. Paul, Jan. 6-11.

The St. Paul Association of Insurance Women has voted to extend its membership to life insurance women, many of whom also are interested in casualty lines. A number of the life women have expressed a wish to join the association. John Campbell of the St. Paul Mercury Indemnity will speak Nov. 12 on "Comprehensive Liability and Production Liability."

The Ralph H. Campbell agency has acquired the insurance business of the Great Western Insurance Agency in Omaha.

## SOUTH

#### Dallas Agents Association Celebrates 10th Anniversary

The 10th anniversary of the Dallas Insurance Agents Association will be celebrated in connection with its annual meeting Nov. 12.

The Dallas association was organized early in 1930 by the Dallas chamber of commerce, because of "deplorable and chaotic conditions" existing at that time. The streets were filled with agents who competed on any basis for business. There was a manual of rates but it served only as a starting point from which rebates were given. In a great many cases there was little relation between insurable values and the amount of insurance which was placed on property.

The per capita fire loss in Dallas in 1930 was \$6.35, compared with the United States per capita fire loss of \$4.07. A steady decline brought the per capita fire loss in Dallas down to \$1.96 in 1938 when the United States had a per capita loss of \$2.05. The Dallas association has had a constant educational

program on fire prevention during its ten years history and its manager, Alfonso Johnson, is secretary of the Dallas fire prevention council, which is appointed by the city manager as an advisory committee to the city officials.

#### Announce South Carolina Regional Meeting Schedule

COLUMBIA, S. C.—In conjunction with the South Carolina Field Men's Conference, the South Carolina Association of Insurance Agents has announced a series of regional meetings to begin Nov. 25 at Greenwood. Other meetings will follow on successive days at Spartanburg, Columbia, Charleston and Florence. Agents will be invited to attend the meeting nearest to them.

S. P. Clark, Richmond, regional manager Royal-Liverpool, will speak on "Competition," C. C. Cromwell, Atlanta,

general adjuster Hartford Fire, on "The Pitfalls of Misused Contracts" and Ted Gannaway, Columbia, sales engineer, on "Sales."

After the talks, there will be an hour's open forum devoted to general discussion and questions by the agents.

#### Find Suspicious Features in Ark. Cotton Loss

An investigation is being conducted into the fire causing damage estimated at \$750,000 to the plant at Blytheville, Ark., of the Federal Compress & Warehouse Co. The investigation is being directed by State Fire Marshal Williams and Jack G. McKenzie, special agent for the National Board.

The fire apparently started in an awning, communicated to a roof above the sprinkler heads and blazed fiercely. The sprinkler system was in working condition.



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tion but because the fire was in the roof and became so intense in short order, the sprinklers were virtually worthless. Some 13,000 bales of cotton were destroyed and the loss to the building is estimated at about \$60,000. Pacific National Fire had the building insurance and Vice-president W. L. Wallace, who was traveling in Texas, went to Blytheville immediately after the fire.

#### Drop Florida C. of C. Rate Probe

LAKELAND, FLA.—At a meeting of directors of the Florida chamber of commerce, in which a movement to investigate fire insurance rates in the state had been started, after being advised by fire insurance men of both past and proposed future rate reductions on dwellings, the directors voted to table the matter and discharge the committee. They also recommended "that the Florida Inspection & Rating Bureau proceed with studies, that justifiable adjustments be placed in effect as soon as possible."

This action followed reports from Hunter Brown, president Florida Insurance Agents Association, and R. P. Goodloe, manager Florida Inspection & Rating Bureau, who discussed reductions effected in the recent past, and indicated further reductions would be forthcoming in the near future.

#### Executive Committee to Meet

NASHVILLE, TENN.—R. T. Cawthon, manager, announces a meeting of the executive committee of the Tennessee Association of Insurance Agents here Dec. 5 or 6, the date to be fixed by President W. M. Harris of Johnson City. Plans for a series of agents schools to be held early in 1941 will be discussed.

Manager Cawthon estimates that between 5 and 10 percent of Tennessee's fire and casualty agents were subject to registration, with a few already in service as members of the national guard or army reserve corps.

#### Texas Towns Get Lower Rates

AUSTIN, TEX.—Fire Insurance Commissioner Hall has announced key rate changes due to improvements in fire protection: Canyon, 34 to 33 cents; Eden, 55 to 48; Refugio, 45 to 38; Wolfe City, 58 to 57.

#### Grand River Dam Covered

Fire policies on which the annual premiums will approximate \$11,000 have been purchased by the Grand River Dam Authority from Pearce, Porter & Martin, Tulsa, and U. L. Jackson & Sons, Muskogee, for its \$22,750,000 hydroelectric project on the Grand River near Vinita, Okla.

#### Nashville Fire Rate Cut

NASHVILLE, TENN.—Commissioner McCormack has notified Fire Commissioner Luton of a reduction in fire insurance rates on every type of construction here with the possible exception of sprinklered and fireproof structures, which already have minimum classification. This is the third cut in five years.

#### Fire Protection at Tullahoma

TULLAHOMA, TENN.—With four firemen and an engine imported from Nashville, a fire company has been established on the site of the army camp being constructed at Camp Peay. When the camp is completed about Jan. 1 and about 28,000 enlisted men move in, this one company will be expanded into two, with additional equipment for protection of camp property.

#### Step Up County Mutual Campaign

NASHVILLE, TENN.—The activity of the Tennessee Farm Bureau Federation and other federal farm agencies in behalf of the organization of county farm fire mutuals is being stepped up. When the federation holds its annual convention here Nov. 13 the organization of mutuals will be proposed to rep-

resentatives from all sections of the state. The matter has previously been presented in 11 divisional meetings.

#### NEWS BRIEFS

The Young Democrats League of Georgia, Augusta chapter, is headed by Q. A. Quillian, president Life Underwriters Association of Augusta. Scott Nixon, Augusta local agent, is secretary.

The annual midyear meeting of the Arkansas Association of Insurance Agents will be held at the Marion Hotel, Little Rock, Dec. 10.

W. C. Coulbourn of the Mathews, Va., agency of Coulbourn & Richardson, has been promoted from major to lieutenant colonel in the judge advocate's division of the Virginia national guard. He is also a veteran of the world war.

John S. Davenport has organized the Davenport Investment Co., successor to the Davenport-Bethell Company, at Tulsa, Okla.

## COAST

#### Indict Hartley Caldwell in Los Angeles on Lloyds Deal

LOS ANGELES—Hartley Caldwell was held in \$2,500 bail on a charge of forgery and five charges of grand theft following indictment by the Los Angeles grand jury.

It was brought out that Caldwell some months ago negotiated with the Pacific Discount Corporation of Glendale to insure its interest in private airplanes it was financing, the policy to be an open one ostensibly placed in London Lloyds through Carl L. Williams & Co., Long Beach surplus line brokers. A deposit premium of \$1,500 was collected and the alleged Lloyds policy was delivered. Later officials of the finance corporation became suspicious and cabled Lloyds as

to its authenticity. The reply was that neither Caldwell nor the Williams firm had any connection with Lloyds, and no authority to bind Lloyds on any line.

Caldwell claimed he was a representative of the British Foreign Syndicate operated by underwriters at Lloyds and presented what he claimed was his authorization to bind for the syndicate. Checks collected as premiums from the finance corporation were presented in court. Carl L. Williams, head of the brokerage firm, denied endorsing them and also denied he had given Caldwell authority to endorse his (Williams') name on the checks.

This is the third appearance of Caldwell in Los Angeles county courts in connection with his alleged Lloyds representation. The insurance department prosecuted him in municipal court on charges of violating the insurance code in writing insurance in an unadmitted carrier and effecting insurance with such a carrier without holding a surplus line brokers license. In that case he paid a heavy fine.

Next he was fined in justice court in Beverly Hills on a similar charge. He appealed to the appellate division of the superior court, where the conviction was upheld. Then he appealed to the Supreme Court of the United States where the case now is pending.

#### Broker Can't Switch Insurer After He Receives Premium

LOS ANGELES—The appellate division of the superior court here has upheld the Los Angeles municipal court in a case involving Jerry Feinstein and other agents and brokers from whom Commissioner Caminetti sought to recover premiums paid them by assured for coverage in one company and which were used to buy coverage in another company.

The brokers solicited automobile coverage for the Angelus Indemnity of Los

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Angeles. It was taken over by the California department under a liquidation order before the brokers placed the insurance. They then gave their clients protection in another company. The commissioner, as liquidator, held this action was illegal and that the premium, less commission, was rightfully due the Angelus Indemnity liquidator.

Municipal Judge McKay upheld the position of Judge Camineti and ruled that the premiums were due the Angelus Indemnity. In upholding this finding, the appellate division said:

"We fail to see any theory by which the broker, during the period he holds the premium for the insurer, becomes the alter ego or assignee of the assured so as to justify the use by the broker of a portion of the moneys which belong to the insurer, or so as to entitle the broker to claim a setoff on behalf of the assured against the claim of the insurer for its premiums. We see no circumstance in this case which places the broker in a position to claim that he has the rights or defenses of the assured. The record fails to support appellants' statement that the 'insured instructed defendants to withhold payment to the company and to purchase reinsurance for them.' But if it had been so, it would not have affected the insurer's rights; the assured cannot, by giving orders to the insurer's agent, the broker, relieve the agent of the duty of paying the moneys due from it to the insurer or authorize the agent to expend for the use of the assured all or a part of these moneys on the theory that the insurer owes it to the assured."

This upsets a decision of the San Francisco municipal court, which in a previous case held the opposite, but that decision was not appealed.

## New Rule on No. 2 Agency Licensing in Mountain Field

DENVER—The supervisory committee of the Rocky Mountain Fire Underwriters Association has made important concessions to the local agents in the matter of licensing, and has tightened up the rule providing penalties for payment by member companies of excessive commissions. A new rule was adopted by the committee which provides that all applications for No. 2 licensing hereafter must be accompanied by letters from the recording agents stating that those recording agents wish to have the additional appointment.

The Colorado law places no limitation on the number of agents a company can license in the state or in any one city. However, the Rocky Mountain Fire Underwriters Association has long had a rule which prevented any company from having more than one recording agent in a city. Since the state has no solicitor law, it has been common practice for the companies to take out additional licenses, with the provision that all the business written by these No. 2 agents must be placed through the recording agent and that the holders of such additional licenses shall be compensated only on a brokerage commission basis.

The local agents, however, have long expressed dissatisfaction with the actual operation of this rule. The Denver Association of Insurance Agents charged that certain companies have issued No. 2 licenses promiscuously without the approval of its membership. Individual local agents have gone so far as to charge that certain general agents actually have written business directly through the No. 2 agents, cutting out the commissions due the recording agents. The field men as a group state that these claims cannot be substantiated. The new rule should completely clear up that condition.

Since Denver is the only very large city in the state and consequently the only one where there are any number of No. 2 agents, the new ruling will apply particularly here, although it will have a certain bearing in Colorado Springs and Pueblo.

Heretofore, the penalty for payment by the companies of excessive commissions applied only in cases where ex-

cessive commissions were actually paid. The amended rule extends the penalty to the mere offer of excessive commissions by any company.

## Son Will Take Over McCullough General Agency

DENVER—D. W. McCullough, who succeeds to the management of the W. E. McCullough general agency in Denver following the death of his father, has been connected with the office for nine years. He was member of the class of 1924 at the University of Illinois. In addition to his activities in the general agency he also was an independent adjuster. He had had some previous experience as an adjuster in Chicago. For a time he was connected with the Western Factory and previous to that with the Great American western department. Under the terms of his father's will, D. W. McCullough succeeds to the entire business. He announces that he will continue along the same lines as followed in the past.

## Richter Opens General Agency

DENVER—Carl D. Richter, known in insurance circles here, has opened the new Richter & Co. general agency, which will represent the Standard Marine, Capital Fire of California, Liberty Underwriters and two or three other companies as yet unnamed.

Mr. Richter started in Chicago with the western department of the North America. In Denver he was formerly with the Merchants Fire home office and the American of Newark as state agent.

## Mountain Municipal Rates Cut

DENVER—A drastic reduction in fire insurance rates on municipally and state owned property, churches and brick-constructed school buildings is announced by W. J. Kulp, manager Mountain States Inspection Bureau, as an outgrowth of protests submitted by the Colorado Municipal League and the Association of Presidents of Institutions of Higher Learning at the annual meeting of the managing committee of the bureau.

In a letter to W. H. McNichols, Denver city auditor, Mr. Kulp said efforts will be made to reduce fire rates on these classes of property as much as 25 percent. Mr. McNichols is chairman of the Municipal League's insurance committee. The league had threatened to establish a municipal fire fund for the state if its demands for a rate reduction were not met.

## Shallcross Tours Oregon

Cecil F. Shallcross, U. S. manager, North British, viewed scenic points of interest in Oregon, while on a tour of the state. T. B. Thompson, Oregon special agent, met him at Medford, Ore., and they visited Crater Lake, Bonneville Dam, Timberline Lodge and the modern plant of the Pacific Plywood Corporation at Willamina, Ore.

## NEWS BRIEFS

The San Francisco Insurance Women's League has organized a class in public speaking, with George Smith as instructor. R. W. Sproul, manager life department Marsh & McLennan, speaks Nov. 7 on the fundamentals of life insurance.

Swett & Crawford have appointed R. E. Voight assistant manager in Seattle, succeeding N. K. Lounsberry, who has been transferred to Los Angeles.

The Insurance Women's Association of Portland, Ore., heard a lecture on boiler and machinery insurance, by L. C. Baltzelle, supervising engineer, Swett & Crawford. Use and occupancy will be discussed Nov. 13 by J. E. Meeker, Oregon special agent Fireman's Fund.

## EAST

## Rouillard Frowns on HOLC Contract

Commissioner Rouillard of New Hampshire, in addressing the agents of his state at their convention, said that applications for taking examinations for agents license are being scrutinized closely and the department would not be rushed. Operations of new part-timers are being watched to make sure they are bona fide agents. The next legislature will be asked to provide for granting temporary licenses to part-timers, the license to continue at the discretion of the commissioner. Mr. Rouillard said arrangements would be made to take care of men drafted into military service.

The HOLC-Stock Company Association contract is not legal in New Hampshire, Mr. Rouillard charged. If that

contract is approved, similar arrangements with other mortgagees would be justified. He added that the concessions granted in the HOLC setup might indicate that the regular rates are too high. However, the commissioner said he is not declaring that he would never approve the contract.

Automobile finance arrangements with insurance will receive attention if abuses appear as great as in some other states, Mr. Rouillard said. Insurance companies organized by finance companies are likely to lead to trouble. They are possibly not bona fide insurance companies. They are used to feed revenue into the finance company and operate only to provide insurance for their own business. Would a legislature approve an insurance company which could pay out \$3,000,000 in dividends in one year of operation on \$1,000,000 of capital? That, he said, is the record of one such company.

In the legislature, agents should watch any attempts to modify the financial responsibility law, he declared. Possibly there will be an easing of penal-

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ties against the car owner who is clearly not responsible for an accident in which the car may have been involved.

Mr. Rouillard urged agents not to suggest to clients whose insurance is assigned that the commissioner is responsible and can remove restrictions if he wants to. This practice jeopardizes the law, he said. The client should understand just how and why his risk is handled under the assigned risk plan.

Automobile rates are now being studied. If the companies are willing to lose money in Vermont or Maine, they should be willing to lose it in New Hampshire also, Mr. Rouillard stated. Classified rates might be introduced into the state, possibly two classes being established, but no decision has yet been made. He expressed doubt of the mathematical methods which permit companies to increase policyholders' dividends on automobile insurance and at the same time indicate that rates in New Hampshire are too high.

At present workmen's compensation in New Hampshire covers extra-territorially by company interpretation. The next legislature will be asked to make this coverage statutory, according to the commissioner.

The commissioner concluded his address with the recommendation that the state association set up a public relations committee.

R. S. Kissam, district manager of the Stock Company Association, told the New Hampshire agents that commission checks from the SCA on HOLC business will be going out shortly. After these checks are sent out the management hopes to make a regular distribution in a way that will not entail too much bookkeeping. Since the handling of the business through the HOLC is not entirely up to date it is possible that the commission checks received in November will not cover all of the July business.

Mr. Kissam pointed out specifically what agents should do in handling HOLC business. The instructions put out by the New Hampshire bureau are said to be fully adequate but many of the agents fail to observe exactly the conditions set forth, and there is delay.

The New Hampshire agents by resolution declared that any raiding of business of agents called to the national service would be considered unfair and unethical by the association.

#### Meeting of Women

President Robert S. Perkins said at the luncheon of the New Hampshire Insurance Women's League that some embarrassment had occurred because some of the members of the Women's League are in offices where agency principals are not members of the New Hampshire association. Consequently, some of the services of the New Hampshire Association have been received by some agencies in the state which have not accepted any obligations toward defraying association expenses for organization work and dissemination of news important to New Hampshire agents. Steps will be taken, said Mr. Perkins, to change this. "Granite Chips," the monthly bulletin of the association, will be sent only to members of the association. Moreover the women were urged to confine attendance at their own meetings to women only.

President Perkins, following his own recommendation that a special finance committee be appointed, announced that the three vice-presidents of the association would constitute the committee. These are Everett Webster, Peterboro; Vaughan McPherson, Claremont, and Robert M. Clark, Keene.

Plans for the coming year include some 12 to 16 lecture and conference group meetings during the winter. Kenneth Kendall, acting chairman of the program committee, is making plans for these meetings.

The chief idea emphasized in the discussion on New Hampshire's personal responsibility law is that the law cannot be successful unless the insurance agents take a sympathetic attitude toward operation of the assigned risk plan.

Each agent should do his best to get insurance for every citizen who wants it. In spite of the fact that considerable detail is involved in seeking to have a man put through the assigned risk pool, if persons who must have special attention are neglected, too much friction and opposition will be created to permit the law to stay on the books.

#### Baltimore Agency Celebrates

BALTIMORE—At a dinner the executives of Maury, Donnelly & Parr were entertained by the senior officers of the Sun in celebration of the 50th anniversary of agency association. The officers of the agency attending were H. A. Parr, Jr., H. A. Parr, III, P. B. Wood, Paul Leber and A. L. Heil. U. S. Manager Oswald Tregaskis presided and presented Mr. Parr on behalf of the head office and the United States branch an artistic and unusual house-mark souvenir which had been especially prepared. A cable was received from the London head office. Accompanying Mr. Tregaskis to Baltimore to attend the dinner were Assistant Manager P. J. Priore, Secretary Elliott Middleton and State Agent J. McG. Miller.

## MOTOR

### Cites Bad Ky. Car "Cremation" Record

A front-page editorial was carried the other day by the "Sun-Democrat" of Paducah, Ky., calling attention to the fact that in an area comprising five counties in west Kentucky there is an average of five total automobile fire losses each week and that this has been true for several years. According to the editorial, this is the highest automobile fire loss ratio of any area in the country and the insurance rate of \$3 per \$100 is the highest in the country.

The editorial charges that arson is responsible. A car owner may have trouble meeting payments to the finance company and burn his car so as not to lose his equity through repossession. He may have paid too much for the car and want his money back. Or he simply may want a new car.

Many of the total fire losses in the neighborhood occur on lonely, obscure country roads and practically all of them late at night. Practically never is there a "cremation" of a car that is uninsured or one that is paid for.

According to the editorial, it is practically impossible for a car accidentally to be destroyed by fire unless it is parked inside a building which is so destroyed.

In Calloway county, Ky., the conditions became so bad, according to the "Sun-Democrat," that insurers some time ago imposed severe underwriting restrictions. They ceased insuring financed cars except for unpaid balances in a few cases. Forthwith, total fire losses on cars in Calloway county dropped almost to nothing.

The area in which the record is bad, according to the editorial, is that embraced by the counties of McCracken, Graves, Calloway, Marshall and Livingston.

Insurance companies for the past two or three years have been noticing an increase in total fire losses on financed cars in certain localities, particularly in the south and have been giving attention to the problem.

#### Advantages of Revised Form

The manifold advantages of the revised fire and theft policy adopted by the National Automobile Underwriters Association last July, compared with the contract which it superseded, were made clear to members of the Missouri Fire Underwriters Association at their meeting in Jefferson City this week by S. H. Davey, assistant manager of the governing organization.

## CANADIAN

### Inland Association Elects Officers, Changes Name

TORONTO—At a special meeting here of the Canadian Inland Transportation Underwriters Association, the name was changed to the Canadian Inland Underwriters Association, with head office in Toronto. An office will be established as soon as possible, and in the meantime the chairman is handling existing business matters.

Officers chosen are: Chairman, A. Tucker, Dale & Co., Toronto; executive committee, including the chairman, E. W. Schaufler, Western Assurance, Toronto; S. M. Elliott, Phoenix of Hartford, Montreal; H. C. Mills, North America, Toronto; E. S. Reed, Chubb & Son, Montreal; R. H. Leckey, Aetna Fire, Toronto; P. A. Codere, St. Paul Fire & Marine, Winnipeg, and C. S. Malcolm, Royal Exchange, Montreal.

Mr. Tucker said the name was changed so that the association could embrace not only inland transportation insurance but personal property and property insurance. An executive meeting will be held early in the new year to formulate future plans. There are now 90 member companies but it is expected this figure will be increased to about 100 before long. The aims of the

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Pointers have played an active part and distinguished themselves for effective service on the battlefields as well as in the sport of hunting. Annals of the World War of 1914-18 tell of a Pointer, Francois. His master was in a front line trench, scheduled to go over the top. The time for the big advance came. The Pointer accompanied his master into the battle. A heavy barrage soon made No Man's Land a mass of shell holes. One of the explosions struck the soldier down and buried him under the piled up earth. The attack went on without him. But Francois stayed loyally by, busily digging in with his paws until he freed his master.

The man was wounded, however, and could not move. For three days and three nights the pointer kept guard until the soldier was located by stretcher-bearers and rescued. Such a tale of unselfish devotion speaks for itself.

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association are to bring about and maintain uniformity in rates and forms.

#### Studying Quebec Insurance

QUEBEC—An inventory of insurance policies on which the Quebec government pays premiums is now under way. Policies in force for persons and property under government control are being studied with the idea of retrenchment in view. A commission has been named to study the insurance carried by the province, and it is considered likely Superintendent Lafrance will serve on this commission.

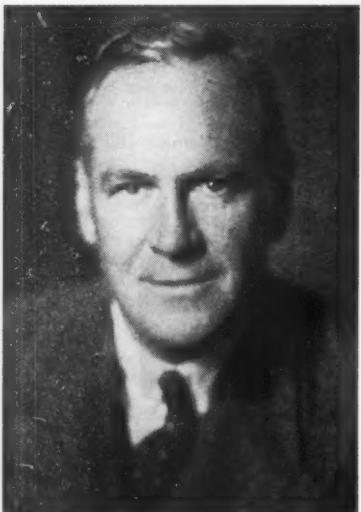


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# MARINE

## New Head of Important Marine Organization

F. B. McBride, the newly elected president of the American Institute of Marine Underwriters, of which he was formerly vice-president, is a marine underwriter of seasoned experience and well able to cope with the intricate problems currently confronting marine insurance and those likely to arise when the European war ends. Starting his business career as a clerk at the head office of Atlantic Mutual, he later joined the under-



F. B. MCBRIDE

writing staff of Marsh & McLennan, so continuing for 10 years from 1916, when he joined North America. In 1932 he was appointed assistant manager of the Atlantic marine department of Fireman's Fund in New York. He subsequently became manager, which post he continues to hold. Mr. McBride is second vice-president of the Board of Underwriters of New York; treasurer-secretary of the Association of Marine Underwriters; a member of the executive committee of the Inland Marine Underwriters Association, and a member of the joint committee on interpretation and complaint.

### Kupersmith in New Post

William R. Kupersmith, who has had considerable marine experience at sea, later amplified by insurance experience, has joined the western department of the Marine Office of America in Chicago. His work will be confined to the bulk department. He was attached to bulk freighters of the Hutchinson fleet of Cleveland, followed by seven years on oceangoing craft. He was chief officer of the "Anniston City" of the Isthmian Line, later chief officer of the "Acadia"

of the Eastern Steamship Line. He is a native of Manistique, Mich.

### Draftee Unemployment Rulings

NEW YORK—In addition to Illinois, New York, New Jersey, North Dakota, Virginia and Nebraska have ruled that payments made by employers to men drafted for military service are not considered as wages under the unemployment compensation law.

### Merchandising Teacher Gives Insurance Points

(CONTINUED FROM PAGE 23)

ments coming up regarding board or non-board companies but most people, he said, cannot distinguish any difference so far as claim-paying ability is concerned. Mr. Ross said it seemed to him that if board companies have anything to offer it is efficiency, economy and stability. If that is true, then they should be able to explain higher premiums in these terms, he said. He continued:

"I wish," he said, "that there could be some minimum requirements which would exclude these jacks of all trades, from what in my opinion is the illegitimate practice of insurance." Mr. Ross spoke of a trip in Florida. He got off a slow train, walked into a combined barber shop, confectionery and newsstand and found one wall plastered with signs intimating that here was the location of not less than a dozen fire and casualty companies.

### Insurance Selling Legitimatized

He further said: "It does not inspire confidence in the mind of the average customer to see cobwebby signs of strong companies hanging around in soap box real estate offices, barber shops, and notion stores. I do not think that it does a legitimate agent for these companies any good either." Mr. Ross said that it seemed to him that the insurance business has got to a point where its sale should be legitimatized on a professional basis. It is no longer a side line, he added. Then he said, "It is such matters as these that make the insurance business a difficult one to carry on and it is my opinion that haphazard methods in selling insurance make it needlessly expensive for the assured."

Mr. Ross feels that what is needed most is closer cooperation between the companies and their representatives. If there are excess costs in the insurance business he believes that they are largely due to bad distribution. Unqualified agents and unethical brokers create a competition, he said, that makes it tremendously difficult for a good merchant to get around.

His first suggestion in insurance merchandising is to clean up the business itself. The best way to do this, in his opinion, is to set up minimum standards

for merchandising operations and insist on the companies themselves enforcing these standards. The second point in merchandising is that a definite identity should be given to property insurance. He declared, "A policy in the lock box is soon forgotten. A little brass plate saying that this house is insured against fire by John Smith until Jan. 10, 1941, together with the policy number, would not only keep the house owner continually conscious of the fact that he has protection but probably would give John Smith some definite identity in the community." Too many, he said, remember that they are insured only at the time they have to pay a premium.

The third feature that he thinks of in connection with merchandising insurance is that the agent must have some definite and precise training. There must be some common body of knowledge in this business and unless a man has this at his command, he should not be selling insurance.

As Mr. Ross put it: "My insurance salesman must be a diagnostician of my insurance needs and he must prescribe a certain type of policy. I buy insurance from the man in whom I have implicit confidence. I know that my coverage is good because it meets a specific need which is known to me and to my agent. As an incident, this man represents good companies, but this is only an incident. I buy insurance from these companies because this man is the agent. I do not buy insurance from him because he represents these particular companies. When he changes companies my insurance goes with him. He has done a good job in merchandising qualifications."

He said in conclusion:

"Finally I think that the insurance business needs a more understandable product so far as the user is concerned. I have a whole box of insurance policies. I doubt whether I know what any of them mean because my specialty is not insurance. I know that it costs a lot of money to write all these policies and that it takes a lot of my time and my agent's time to keep them up-to-date, renew them, collect premiums, enter them on the books, etc. I see no reason for all this complexity. Automobiles were not economical to sell or to buy when we purchased the car, then the top, then the windshield, then the lights, until we finally got down to a tank full of gasoline, then if oil had been placed in the engine and water in the radiator we drove off. Automobiles came into their own when we were able to buy them as such. I think that the day is coming when we will be able to buy insurance as efficiently as we buy automobiles. Whenever a company starts merchandising in that way it is going to have a long jump on its competitors."

"I will repeat that I am not an insurance man and have been only on the

paying end. As a consumer I doubt whether I am getting my money's worth and as a student of merchandising I doubt whether the insurance business has kept abreast of others in the field of distribution. I feel that it is largely the fault of the big companies but that doesn't make much difference. No matter whose fault it is the very fact that we are here indicates that something will be done about it. I would rather trust the task to those already in the insurance business than I would to experimental groups in any governmental agency or any cooperative scheme which in these days of snooping and tinkering can go a long way toward putting any kind of business on the rocks, not only economically but socially."

### California Panel Discussion

(CONTINUED FROM PAGE 5)

than 60 days overdue.) Prepaid postage return envelopes help collections.

There is no particular advantage of having numerous companies in an office, it was brought out. Business increase has been shown where the number of companies has been cut down. Other factors which influence sales are: Advertising used, letters written, acknowledgement of checks received and informal notes which give the personal touch between agent and customer. Direct mail solicitation is best in keeping contacts but the cost must be so gauged that the agent is able to keep it up. Agents are not taking advantage of company literature and company publicity in this regard.

On the question of whether a one or two man agency can employ solicitors profitably, it was held that the solicitor could be employed to look after the small business and thus give the agent time to look after the larger business and get additional lines. Harold McGee, Wren & Van Alen, Los Angeles, said his agency employed solicitors successfully. They were employed about the time they finished school and were trained in the agency's way. They are salaried employees, with income commensurate with the business brought in.

Developing financial institution business on a profitable basis was considered. The loss of financial institution

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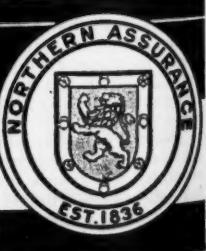
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agents had to meet, it was held. The customer usually is the client of the financial institution, not the agent. It was suggested that letters be sent to the prospective client asking for an interview. The client can then be sold a policy and a financial institution recommended. In this way fewer clients will be lost. The agents were advised to uncover prospective finance business and beat the financial institutions to the game. Insurance on F. H. A. loans can be secured on the same basis. A reciprocity agreement with the financial institutions in smaller towns, if properly worked out, will keep the business on the agency books and out of the hands of the financial institutions.

#### Must Face Economic Changes

In commenting on the panel discussion, Mr. Semmelmeyer said economic changes now going on must be faced. The independent merchant has changed his methods. Insurance must modernize its methods and deliver the goods the customer wants. The agent should analyze his cost of doing business and seek to reduce it. The agent should charge a reasonable value for his time in order to meet his expenses, and then add a reasonable salary for himself in order to determine how successful his agency is and whether it is making a profit. The agent must devise methods of handling his small business at a profit. If he doesn't make it pay, then there is inefficiency in the office.

#### Get 10 New Policies a Month

"Get 10 new policies per month, and there is no limit to where the agency can go," Mr. Semmelmeyer declared. "It's hard, but do it and you need not worry. All day spent in the office is wasted time. Get out and contact people. Hire some one to take care of the office detail. The small client business must be made to pay for itself. Program selling is not easy but by eliminating policies and selling protection it will be a success. The agent with 1,000 customers can service them properly. The agent with 2,500 cannot. Education of employees has been too long neglected. The employee has just as many friends as you have. Use him to get his friends. The line card is valuable and should be ready for instant use. If you have to hunt it up, it's no good. Time wasted in business makes for high cost of operations. Financing is in its infancy. It's a tool you don't use properly. The client will appreciate any help you give him in making payments easy. Use the company representative in your business, don't just make a good fellow of him. He's there to help you if you will use him. Strong local associations can do things in the way of financing that single agents cannot do. Get strong local associations and support them. Get out of the rut, plant ideas and then reap the benefits."

#### GASTIL MAKES HIT

W. G. Gastil, southern California manager Connecticut General Life, Los Angeles, made an especial hit with his presentation of the necessity for applying the idea of programming, which has been the great development in life insurance in recent years, to the field of general insurance, through making a thorough survey of a client's insurance needs in all lines and then fitting the coverage to meet those needs. He advocated a "sales procedure designed to establish for each good man in the general insurance field a clientele of loyal customers who would buy all of their lines of insurance through one source and depend upon that man to advise them of their risks and in tailor-made fashion give them the proper lines of insurance to cover them."

#### Urge Clear, Concise Picture

As a buyer of general lines, although never a salesman in that field, he said he never had had a general insurance man soliciting his business give him a clear, concise picture of all the hazards

involved in his situation as it relates to his home, to his automobile, to his employees and to his business. He told of his experience with a real estate man some years ago when he was in the market for a home. While most of the others had endeavored to sell him some particular house which they had listed, this man went into his family situation in detail and got the complete picture of his problem. He didn't show a single house but said he would canvass all those in the community that were for sale and would prepare a list of places that in his best judgment fitted Mr. Gastil's situation, well located, properly built and within his capacity to pay.

"As a buyer of general insurance I would appreciate similar treatment," he said. "I would immediately warm up toward that general insurance agent who called on me not to sell me a single dime's worth of insurance but to offer to make a survey of my insurance situation—look at my home, the articles of furniture, art objects, cameras, jewelry, silverware, etc., inquire as to the amount of travel, whether my wife owned a valuable fur coat or not, ask how I used my automobile, what liability risks I was running in business, how many employees I had, which ones of them handled money—and the million and one other questions that you men in the general insurance business know how to ask. I would appreciate his preparing for me a typewritten list of every hazard which presented itself and recommending for me the best type of coverage to protect myself and my family against those hazards, and then leave it to me, after proper explanation of the risk, to buy those coverages which I elected to buy, and he should insist that on his copy of that list I enter my reasons for refusal of any coverage.

#### Should Record Coverages Rejected

"Recently I was in the office of a general insurance man when one of his customers called on the telephone to report an automobile accident in which his wife's car had been damaged. The agent called for the file and advised his customer that the insurance policy in force did not include collision insurance. From the end of the conversation which I heard it was obvious that the customer was inquiring why this coverage had not been included. The agent responded that in the previous year he had carried collision insurance but upon renewal of the policy the customer had instructed him to eliminate the collision benefits because of the \$46 per year cost. Again it was obvious that the customer doubted he had instructed the agent to take off the collision benefits, but the agent remembered the conversation and replied:

"Don't you remember that when you saw the premium, you said to me: 'You might as well come out and take the car?'" That recalled the incident to the client's mind and he hung up, entirely satisfied that his insurance agent had tried to sell him collision insurance but that he had refused it.

"My first reaction was that a good memory was a great asset to a general insurance man. My second reaction was: How many times does a general insurance man have a similar situation arise when he cannot remember the exact conversation? Therefore, I think if I were in the general insurance business, trying to acquire a clientele of people who placed their faith in me, I would have on each client a complete list of all the coverage that he needed, and would have his written refusal or a report of the conversation when he turned down certain coverages that I had called to his attention.

#### Build Enduring Clientele

"In my opinion, the new era of general insurance selling is going to move away from telephone conversations where a man says, 'Fix me up with an automobile policy' or 'Replace my policy in some other company.' The general insurance business is going to move away from the back slapping, good fellow type of selling, of stealing each other's business, and is going to move into a constructive era in which each

man in the general insurance business will build for himself a clientele of people, all that he can serve, who give him their full line of insurance, depend upon him to provide the most complete and best coverage available, and keep him constantly advised of changing conditions in the general insurance field. Then the competition will move away from being on the basis of who does the most entertaining or who has the best personality to the sounder basis of who gives the better service to merit the continued patronage of a given client."

#### PERK ON EXPIRATIONS

President-elect Harry P. K., Jr., speaking on "Expirations," urged an agent when purchasing another agency to make the deal through a written instrument setting forth all the details of the terms and that the purchaser be sure there is no company indebtedness that may cloud title to the expirations. "If necessary," he said, "write the companies to get assurance there is no cloud on the title. In regard to solicitors, don't try to make them independent contractors, for the business belongs to the agency. Pay their social security assessment, for they are employees of the agency."

There were 765 at the banquet. The W. H. Menn trophy for achievement, a plaque open for annual competition, was

awarded by the donor, who is past president of the National Association of Insurance Agents, to the Salinas Insurance Exchange. Secretary Ray Haynes of the Salinas Exchange received it for that body.

Ralph Bach of San Diego paid a splendid tribute to Retiring President H. I. Callis and Mrs. Callis, and then presented them a sterling coffee set as a gift from the association. The Santa Barbara association also presented Mr. Callis a wrist watch.

Thirteen past presidents attended the past presidents' dinner: C. Elmer White, Mac O. Robbins, Matt T. Mancha, W. T. Rambo, F. L. McDowell, H. J. Thielen, N. B. Swett, Eugene Battles, P. S. W. Ramsden, W. H. Menn, W. P. Welsh, G. C. Appleton and D. B. Goldsmith.

A daily paper, "Security News," was published each day of the convention by the "Insurance Journal," in cooperation with the Insurance Exchange of Los Angeles.

The final registration was 900, which is 85 in excess of the Oakland session of 1939 and sets a new mark for attendance.

Victor G. Henry, president of the Wichita Insurors, spoke at the Nov. 5 meeting of the Insurance Women of Wichita explaining the machinery of the executive committees of the National, state and local associations.



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He is not your competitor, but instead, as a good neighbor, is always ready to help YOU as a LOCAL AGENT. He covers his territory thoroughly, is familiar with local conditions, and invites you to call upon him for cooperation or assistance.

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#### OKLAHOMA

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\* Know the General Agent in your locality. Write the office nearest you.

## Arizona Agents Pick Harold Wilson

(CONTINUED FROM PAGE 5)

tension course program and also by correspondence.

E. L. Thomas, manager Fire Companies Adjustment Bureau, Phoenix, spoke on "Loss Settlement under the Expanded Coverage Endorsement and B. B. Moeur, Jr., of Phoenix, conducted an "Information Please" program.

Committee reports were made by L. B. Curtis, Phoenix, educational; Emmet Smith, Phoenix, business development; W. C. Miller, Phoenix, membership; Spencer Kimball, Safford, rural agents; R. C. Simis, Phoenix, fire prevention; Mr. Miller, legislation, and Connor Johnson, Phoenix, surplus lines.

### Turnout Representative

Out of the total membership of 77, there were 75 local agents registered and 110 company representatives and their guests.

The executive committee of the state association held an informal meeting with the Arizona advisory committee. A special meeting of the executive committee was also held.

The luncheon session was divided into round-table discussions and was attended by 150 agents and company representatives.

A pre-banquet hour by courtesy of the companies was attended by all registrants and guests. The banquet was attended by 235. During the banquet, at which Mr. Bond presided, the past presidents of the Arizona association and the Phoenix association were introduced. The new officers of the association were introduced and gave short talks. The convention committee, composed of J. C. Lynch, Jr., Edward Bringhurst, Ralph Cash, and William W. Stone, were introduced, and appreciation was shown by their efforts. Recognition was given to the retiring secretary, James C. Miller, of Phoenix.

Mr. and Mrs. William H. Menn were presented with a gift by W. C. Miller of Phoenix, on behalf of the Arizona association. Mr. Menn has attended each of the six state conventions held by the Arizona association.

**Statement of the Ownership, Management, Circulation, etc., Required by the Act of Congress of August 24, 1912, and March 3, 1933**

Of the National Underwriter, published weekly, with one additional issue in April, at Chicago, Ill., for October 1, 1940: State of Illinois, County of Cook, ss:

Before me, a Notary Public, in and for the State and county aforesaid, personally appeared Howard J. Burridge, who, having been duly sworn according to law, deposes and says that he is the secretary of The National Underwriter Co., publishers of The National Underwriter, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, as amended by the Act of March 3, 1933, embodied in section 537, Postal Laws and Regulations, printed on the reverse of this form to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are:

Publisher, The National Underwriter Co., Chicago, Ill.

Editor, C. M. Cartwright, Evanston, Ill.

Managing Editor, C. M. Cartwright, Evanston, Ill.

Business Manager, H. J. Burridge, Hinsdale, Ill.

2. That the owner is: (If owned by a corporation, its name and address must be stated and also immediately thereafter under the names and addresses of stockholders owning or holding one percent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a firm, company, or other unincorporated concern, its name and address, as well as those of each individual member, must be given.)

The National Underwriter Co., Chicago, New York, Cincinnati.

Southern Ohio Savings Bank & Trust Company, Cincinnati, Ohio, trustee for Stella Goss Wohlgemuth, Elizabeth W. Herschede and John F. Wohlgemuth.

C. M. Cartwright, Evanston, Ill.

H. J. Burridge, Hinsdale, Ill.

G. W. Wadsworth, Highland Park, Ill.

R. E. Richman, Boston, Mass.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 percent or more of total amount of bonds, mortgages, or other securities are: (If there are none, so state.)

None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company, but also, in cases where the stockholders or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner, and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

5. That the average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the six months preceding the date shown above

is ..... (This information is required from daily publications only.)  
The National Underwriter Co., publisher, by Howard J. Burridge, secretary.

Sworn to and subscribed before me this 24th day of September, 1940.  
J. C. O'Connor, Jr.,  
Notary Public.

(My commission expires July 27, 1941.)

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Nothing stands still! All things must go forward or backward! Because of this fact we of the Affiliated National Hotels are literally "Going Great Guns" . . . having consistently blazed the trail of advancement through the first nine months of 1940.

The next big blast is scheduled with the opening of the New 250 room completely Air-Conditioned Hotel ADMIRAL SEMMES in Mobile, Alabama, in November, 1940. Thus, following the addition of Hotel CALVEZ at Calveston, Texas, and Hotel PLAZA at Laredo, Texas, we add further to the ever-growing list of Affiliated National Hotels.

### \* Affiliated \* NATIONAL HOTELS

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HOTEL THOMAS JEFFERSON	Birmingham
DISTRICT OF COLUMBIA	
HOTEL WASHINGTON	Washington
ILLINOIS	
HOTEL FAUST	Rodford
LOUISIANA	
JUNG HOTEL	New Orleans
HOTEL DESOTO	New Orleans
MISSISSIPPI	
HOTEL LAMAR	Meridian
NEBRASKA	
HOTEL PAXTON	Omaha
NEW MEXICO	
HOTEL CLOVIS	Clovis
OKLAHOMA	
OKLAHOMA BILTMORE	Oklahoma City
HOTEL HUBER	Muskogee
HOTEL BELMONT	Oklahoma
HOTEL ALDRIDGE	Wewoka
SOUTH CAROLINA	
HOTEL WADE HAMPTON	Columbia
TEXAS	
HOTEL ALICE	Alice
HOTEL STEPHEN F. AUSTIN	Austin
HOTEL SETTLES	Big Spring
HOTEL BROWNWOOD	Brownwood
HOTEL SOUTHERN	Croco
HOTEL LAGUNA	El Paso
HOTEL CORTEZ	Fort Worth
HOTEL TEXAS	Galveston
HOTEL TEXAS VICTORIAN	Galveston
HOTEL GALVEZ	Galveston
HOTEL JEAN LAFITTE	Galveston
CORONADO COURTS	Galveston
JACK TAR COURT	Galveston
MIRAMAR COURT	Galveston
HOTEL CAYLER	Galveston
HOTEL PLAZA	Laredo
HOTEL FALLS	Marfa
HOTEL CACTUS	San Angelo
ANGELES COURTS	San Antonio
VIRGINIA	
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ACCIDENT AND CASUALTY INSURANCE COMPANY  
OF WINTERTHUR, SWITZERLAND  
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NEW YORK

*United States Branch*

CONDENSED

STATEMENT

DECEMBER 31, 1939

ADMITTED ASSETS

U. S. Government Bonds . . . . .	\$ 1,923,063.00
Other Bonds . . . . .	1,476,261.00
Stocks . . . . .	144,487.00
Other Assets . . . . .	<u>650,146.24</u>
Total . . . . .	\$ 4,193,957.24

Reserves: LIABILITIES

Voluntary Contingency . . . . .	\$ 309,763.57
Other Liabilities . . . . .	1,384,193.67
Statutory Deposit with	
New York . . . . .	\$ 850,000.00
Net Surplus over	
Deposit . . . . .	<u>1,650,000.00</u>
Policy Holders' Surplus . . . . .	2,500,000.00
Total . . . . .	\$ 4,193,957.24

Bonds and Stocks owned are valued in accordance with requirements of New York State Insurance Department and National Association of Insurance Commissioners. Securities carried in above Statement at \$1,366,094.76 are deposited as required by law.

On the basis of December 31st, 1939 market quotations for all bonds and stocks owned this Company's total admitted assets would be increased to \$4,264,793.24 and Voluntary Contingency Reserve to \$380,599.57.

*All Assets in this Statement are held, in their entirety, for protection of United States Branch of the Company and its Policyholders and Creditors.*

INVESTED ASSETS

54.27% U. S. Government Bonds

41.65% Other Bonds; 4.08% Stocks



NEAL BASSETT, U. S. Manager

OGDEN DAVIDSON, U. S. Assistant Manager

CHARLES A. BARKIE, U. S. Assistant Manager

OWEN F. A. HIGGOTT, U. S. Branch Treasurer



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Our agents know that with the support of your National Fire Group Counselor, coupled with the sound advertising value of the promotional material he offers, a better type of clients and larger premium income are a certainty — provided only that these selling aids are consistently and correctly used. \* \* \* \* \*

Your National Fire Group Counselor is expressly employed to give you all the co-operation and competent help you need. Use him to the utmost if you want to get the utmost in results.



## THE NATIONAL FIRE GROUP

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MECHANICS & TRADERS INSURANCE COMPANY — FRANKLIN NATIONAL INSURANCE COMPANY OF NEW YORK

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Western Department: 175 West Jackson Boulevard, Chicago — Pacific Department: 234 Bush Street, San Francisco